

The seal of the Commonwealth of Kentucky is a circular emblem. It features a blue outer ring with thirteen white stars. Inside this ring is a yellow triangle pointing downwards. The text "BUDGET OF THE COMMONWEALTH" is written in blue, serif, all-caps font across the top of the yellow triangle. Below this, the years "1996 - 1998" are written in the same font. At the bottom of the yellow triangle is the official seal of the Commonwealth of Kentucky, which depicts a classical figure holding a torch and a scroll, surrounded by the words "COMMONWEALTH OF KENTUCKY" and "1792".

BUDGET OF THE COMMONWEALTH

VOLUME I

Commonwealth of Kentucky

Paul E. Patton, Governor

1996-98 Budget of the Commonwealth

GOVERNMENT OPERATIONS

GO

Executive Office of the Governor	1
Office of the Governor	2
Governor's Office for Policy and Management	4
State Planning Fund	5
Secretary of State	6
General Administration	7
Restoration of Land Grant Books	8
Board of Elections	9
General Administration and Support	10
State Share of County Election Expenses	11
State Share of Voter Registration Expenses	12
Presidential Electors	13
Treasury	14
Attorney General	16
Unified Prosecutorial System	18
Commonwealth's Attorneys	19
County Attorneys	21
Auditor of Public Accounts	22
Agriculture	24
Military Affairs	26
Personnel Board	28
Local Government	29
Special Funds	31
Commission on Human Rights	32
Commission on Women	34
Kentucky Retirement Systems	35
Registry of Election Finance	36
Boards and Commissions	37
Governmental Services Center	39
Capital Plaza Authority	40
Executive Branch Ethics Commission	41
Appropriations Not Otherwise Classified	42
Appropriations Not Otherwise Classified - Judgments	43
Kentucky Veterans' Center	44
Budget Reserve Trust Fund	45

ECONOMIC DEVELOPMENT CABINET

ECON

Summary	1
Secretary	3
Administration	4
Job Development	5
Financial Incentives	6

(Economic Development Continued)

Debt Service	8
Community Development	9

EDUCATION**EDUC**

Education	1
Support Education Excellence in Kentucky (SEEK) Program	3
Executive Policy and Management	5
Commissioner	6
Kentucky Board of Education	7
Legal Services	8
Management Assistance	9
Communications, Planning and Government Relations	10
Associate Commissioner	11
Public Information	12
Media Services	13
Planning and Government Relations	14
Management Support Services	15
Deputy Commissioner	16
Education Technology	17
Associate Commissioner	18
System Support Services	19
Integration Services	20
Customer Support Services	21
Kentucky Education Technology Program (KETS)	22
Internal Administration	23
Associate Commissioner	24
Administrative Services	25
Financial Services	26
Personnel Services	27
District Support Services	28
Associate Commissioner	29
Finance	30
Facilities Management	32
Pupil Transportation	33
School and Community Nutrition	34
Learning Results Services	35
Deputy Commissioner	36
Curriculum, Assessment and Accountability	37
Associate Commissioner	38
Assessment Development	39
Assessment Implementation	40
Curriculum	41
Regional Assistance	42
Associate Commissioner	43
Regional Service Centers	44
School Improvement	45

(Education Continued)

Learning Support Services	47
Deputy Commissioner	48
Learning Programs Development	49
Associate Commissioner	50
Primary Education	51
Preschool Programs	52
School-Based Decision Making	53
Student/Family Support Services	54
Professional Development	56
Kentucky School for the Blind	58
Kentucky School for the Deaf	60
Special Instructional Services	61
Associate Commissioner	62
Exceptional Children Services	63
Secondary Vocational Education	64
Program Resources	65
Teacher Education and Certification	66
Education Professional Standards Board	67
Associate Commissioner	68
Teacher Education Programs	69
Teacher Testing and Internship	70
Teacher Certification	71
Minority Educator Recruitment and Retention	72

EDUCATION, ARTS AND HUMANITIES CABINET**EAH**

Summary	1
Secretary	2
Kentucky Arts Council	3
Teachers' Retirement System	4
School Facilities Construction Commission	6
Deaf and Hard of Hearing	7
Kentucky Heritage Council	8
Kentucky Educational Television	9
General Administration and Support	10
Engineering	11
Broadcasting and Education	12
Kentucky Historical Society	13
Libraries and Archives	15
Direct Local Aid	17
Field Services	19
State Library Services	20
Administrative Services	21
Public Records	22
Kentucky Center for the Arts	24
Environmental Education Council	25

FINANCE AND ADMINISTRATION CABINET**FAC**

Summary	1
General Administration	2
Secretary	3
Financial Management and Economic Analysis	5
Debt Service	6
Controller	7
Administration	9
Commissioner	10
Purchases	12
Printing	13
Facilities Management	14
Commissioner	15
Telecommunications	17
Physical Plant	18
Information Systems	19

HIGHER EDUCATION**HE**

Summary	1
Council on Higher Education	3
Agency Operations	5
Pass Through Programs	7
Eisenhower Mathematics and Science Education Act Program	10
Kentucky Community Service Commission	11
Program Integrity	12
Kentucky Higher Education Assistance Authority	13
General Administration and Support	14
Student Aid	15
General Statewide Information	
Mission Statements	17
Expenditure Classification for Universities	34
Schedule of Tuition Rates	35
Full-Time Equivalent (FTE) Enrollment	36
Headcount Enrollment	38
Degrees and Other Formal Awards Conferred	40
Eastern Kentucky University	42
Kentucky State University	51
Morehead State University	59
Murray State University	69
Northern Kentucky University	79
University of Kentucky	
University System	90
Community College System	100
University of Louisville	109
Western Kentucky University	119

HUMAN SERVICES

CABINET FOR FAMILIES AND CHILDREN

FC

Summary	1
Social Insurance	2
Social Insurance - Administration	3
Field Services	4
Child Support	6
Commodity Program	8
Energy and Weatherization	9
Social Insurance - Benefits	10
Aid to Families with Dependent Children (AFDC)	11
Food Stamps	12
State Supplementation	13
JOBS	14
Energy and Weatherization Assistance	15
Social Services	16
Family and Community Services	18
Juvenile Treatment Services	20
Aging and Support Services	24
Administration and Program Support	25
Secretary	27
Communications	28
Building Costs	29
Administrative Services	30
Personnel and Budget	31
General Counsel	32
Ombudsman	33

CABINET FOR HEALTH SERVICES

HS

Summary	1
Medicaid Services	2
Administration	5
Benefits	6
Mental Health/Mental Retardation	9
Community Alcohol and Drug Services	11
Community Mental Health Services	13
Community Mental Retardation Services	15
General Mental Health/Mental Retardation Support	17
Residential Mental Health/Mental Retardation Services	18
Health Services	20
General Health Support	22
Health Systems Development	24
Epidemiology and Disease Prevention	26
Disability Determination	28
Maternal and Child Health	29
Laboratory Services	31
Environmental Health and Community Safety	32

(Health Services Continued)

Inspector General	34
Children with Special Health Care Needs	36
Health Care Policy Board	37
Health Purchasing Alliance	38

JUSTICE CABINET**JUS**

Summary	1
Criminal Justice Training	2
State Police	3
Justice Administration	5
Corrections	7
Corrections Management	9
Community Services and Local Facilities	11
Local Jail Support	13
Adult Correctional Institutions	14

LABOR CABINET**LAB**

Summary	1
General Administration and Support	3
Workplace Standards	5
Employment Standards, Apprenticeship and Training	6
Occupational Safety and Health Compliance	7
Education and Training for Occupational Safety and Health	8
Special Fund	9
Workers Claims	10
Kentucky Occupational Safety and Health Review Commission	11
Kentucky Workers' Compensation Funding Commission	12

**NATURAL RESOURCES AND
ENVIRONMENTAL PROTECTION CABINET****NREP**

Summary	1
General Administration and Support	2
Environmental Protection	4
Commissioner	5
Water	6
Air Quality	7
Waste Management	8
Maxey Flats	9
Environmental Services	10
Natural Resources	11
Commissioner	12

(Natural Resources and Environmental Protection Continued)

Forestry	13
Conservation	14
Energy	15
Surface Mining Reclamation and Enforcement	16
Commissioner	17
Permits	18
Field Services	19
Abandoned Lands	20
Abandoned Mine Lands Reclamation Projects	21
Kentucky River Authority	22
Environmental Quality Commission	23
Nature Preserves Commission	24
Petroleum Storage Tank Environmental Assurance Fund Commission	25

PERSONNEL CABINET**PERS**

Summary	1
---------	---

PUBLIC PROTECTION AND REGULATION CABINET**PPR**

Summary	1
Claims/Crime Victims' Compensation	2
Alcoholic Beverage Control	3
Financial Institutions	4
Racing Commission	5
Housing, Buildings, and Construction	7
Insurance	9
Mines and Minerals	11
Public Advocacy	13
Public Service Commission	15
Secretary	16
Tax Appeals	17

REVENUE CABINET**REV**

Summary	1
General Administration	3
Compliance and Taxpayer Assistance	5
Property Taxation	6
Property Valuation Administrators	8

TOURISM DEVELOPMENT CABINET**TOUR**

Summary	1
Secretary	2
Breaks Interstate Park	3
Travel Development	4
Executive Policy and Management	5
Tourism Services	6
Marketing and Advertising	7
Parks	8
General Administration and Support	9
Resort Parks	10
Recreation Parks and Historic Sites	11
Cafeterias	12
Debt Service	13
Kentucky Horse Park	14
Kentucky State Fair Board	15
Kentucky Fair and Exposition Center	16
Commonwealth Convention Center	17
Debt Service	18
Fish and Wildlife Resources	19
General Administration and Support	20
Wildlife Management	21
Fisheries Management	22
Information and Education	23
Law Enforcement	24
Water Patrol	25

TRANSPORTATION CABINET**TRANS**

Summary	1
Air Transportation	3
Revenue Sharing	4
Rail Transportation	6
Public Transportation	7
Highways	8
Research	10
Construction	11
Maintenance	13
Engineering Administration	14
Highway Planning	15
Highway Operations	16
Equipment Services	17
Vehicle Regulation	18
Debt Service	20
General Administration and Support	21
Judgments	23

WORKFORCE DEVELOPMENT CABINET**WD**

Summary	1
General Administration and Program Support	3
State Board for Adult and Technical Education	5
Technical Education	6
Kentucky Tech System	7
Federal and Support Programs	9
Adult Education and Literacy	10
Vocational Rehabilitation	12
Administrative Management	14
Program Planning and Development	15
Program Services	16
Carl D. Perkins Comprehensive Rehabilitation Center	18
Department for the Blind	19
Assistive Technology	20
Industries for the Blind	21
Business Enterprises Program	22
Independent Living	23
General Blind Services	24
Governor's Council on Vocational Education	25
State Board for Proprietary Education	26
Job Training Coordinating Council	27
Teachers' Retirement - Employer Contribution	28
Training and Reemployment	29
Title II	30
Title III	31
Employment Services	32
Employer and Placement Services	33
Economic Dislocation Worker Adjustment Act	34
Unemployment Insurance - Administration	35
Unemployment Insurance - Benefits	36
Welfare Reform	37

LEGISLATURE**LEG**

Legislative Branch	1
--------------------	---

JUDICIARY**JB**

Judicial Branch	1
-----------------	---

GOVERNMENT OPERATIONS
Executive Office of the Governor

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,084,300	7,721,000	8,166,800	8,371,000	8,832,400
Planning Fund	225,000	500,000	500,000	500,000	500,000
Total General Fund	<u>6,309,300</u>	<u>8,221,000</u>	<u>8,666,800</u>	<u>8,871,000</u>	<u>9,332,400</u>
Restricted Agency Funds					
Balance Forward	190,300	150,300	110,300	150,300	110,300
Non-Revenue Receipts		400,000	400,000	400,000	400,000
Total Restricted Agency Funds	<u>190,300</u>	<u>550,300</u>	<u>510,300</u>	<u>550,300</u>	<u>510,300</u>
TOTAL FUNDS	<u>6,499,600</u>	<u>8,771,300</u>	<u>9,177,100</u>	<u>9,421,300</u>	<u>9,842,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,877,600	6,363,700	6,775,700	6,552,200	6,978,200
Operating Expenses	1,184,200	1,257,100	1,290,900	1,313,600	1,349,000
Grants, Loans or Benefits	225,000	900,000	900,000	1,300,000	1,300,000
Capital Outlay	62,500	140,200	140,200	145,200	145,200
TOTAL EXPENDITURES	<u>6,349,300</u>	<u>8,661,000</u>	<u>9,106,800</u>	<u>9,311,000</u>	<u>9,772,400</u>
EXPENDITURES BY UNIT					
Office of the Governor	3,900,600	5,852,000	6,095,400	6,502,000	6,761,000
Governor's Office for Policy and Management	2,223,700	2,309,000	2,511,400	2,309,000	2,511,400
State Planning Fund	225,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	<u>6,349,300</u>	<u>8,661,000</u>	<u>9,106,800</u>	<u>9,311,000</u>	<u>9,772,400</u>

The Governor serves as the chief administrator of the state and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies of executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

GOVERNMENT OPERATIONS
Executive Office of the Governor
Office of the Governor

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,900,600	5,452,000	5,695,400	6,102,000	6,361,000
Restricted Agency Funds					
Balance Forward	33,100	33,100	33,100	33,100	33,100
Non-Revenue Receipts		400,000	400,000	400,000	400,000
Total Restricted Agency Funds	<u>33,100</u>	<u>433,100</u>	<u>433,100</u>	<u>433,100</u>	<u>433,100</u>
TOTAL FUNDS	<u>3,933,700</u>	<u>5,885,100</u>	<u>6,128,500</u>	<u>6,535,100</u>	<u>6,794,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,148,800	4,578,500	4,802,300	4,767,000	5,004,800
Operating Expenses	744,300	803,500	823,100	860,000	881,200
Grants, Loans or Benefits		400,000	400,000	800,000	800,000
Capital Outlay	7,500	70,000	70,000	75,000	75,000
TOTAL EXPENDITURES	<u>3,900,600</u>	<u>5,852,000</u>	<u>6,095,400</u>	<u>6,502,000</u>	<u>6,761,000</u>
EXPENDITURES BY UNIT					
Policy Development and Leadership	2,600,200	3,712,600	3,881,700	3,712,600	3,881,700
Governor's Expense Allowance	21,000	21,000	21,000	21,000	21,000
Secretary of the Cabinet	804,900	950,100	989,400	950,100	989,400
Lieutenant Governor	474,500	418,400	436,500	418,400	436,500
Military Affairs Commission				500,000	500,000
Coal Marketing		749,900	766,800	749,900	766,800
Sexual and Domestic Violence Services				150,000	165,600
TOTAL EXPENDITURES	<u>3,900,600</u>	<u>5,852,000</u>	<u>6,095,400</u>	<u>6,502,000</u>	<u>6,761,000</u>

The Governor serves as the chief administrator of the state and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies of executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Secretary of the Cabinet develops and implements the major program decisions for the executive branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government. This role promotes cooperation and coordination among all agencies and programs of state government.

The Lieutenant Governor is a constitutional officer elected for a term of four years and shall be eligible for election to the next succeeding term. Among the duties assigned, the Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office, die, fail to qualify, resign, or be unable to discharge the duties of that office. KRS 11.400 describes additional duties and responsibilities for the Lieutenant Governor including serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.

The Governor's Office for a DrugFree Kentucky is responsible for coordinating alcohol awareness and other drug abuse awareness efforts statewide.

Policy

The Kentucky Constitution was amended effective November, 1992, to mandate the Governor and the Lieutenant Governor to be elected jointly. As a result, the appropriations for these two offices have been combined. In addition, the Military Affairs Commission (KRS 154.12-203) has been moved from the Economic Development Cabinet to the Governor's Office and funded with \$500,000 in General Funds each year of the biennium. This appropriation is a new initiative designed to significantly increase state government's support of the U. S. Military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Louisville Naval Ordnance Station, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

Funding in the amount of \$749,900 in fiscal year 1996-97 and \$766,800 in fiscal year 1997-98 is provided for the Coal Marketing and Export Council which is transferred to the Governor's Office from the Economic Development Cabinet.

Additional General Funds in the amount of \$150,000 in fiscal year 1996-97 and \$165,600 in fiscal year 1997-98 is provided for the Office of Sexual and Domestic Violence Services.

GOVERNMENT OPERATIONS
Executive Office of the Governor
Governor's Office for Policy and Management

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,183,700	2,269,000	2,471,400	2,269,000	2,471,400
Restricted Agency Funds					
Balance Forward	157,200	117,200	77,200	117,200	77,200
TOTAL FUNDS	<u>2,340,900</u>	<u>2,386,200</u>	<u>2,548,600</u>	<u>2,386,200</u>	<u>2,548,600</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,728,800	1,785,200	1,973,400	1,785,200	1,973,400
Operating Expenses	439,900	453,600	467,800	453,600	467,800
Capital Outlay	55,000	70,200	70,200	70,200	70,200
TOTAL EXPENDITURES	<u>2,223,700</u>	<u>2,309,000</u>	<u>2,511,400</u>	<u>2,309,000</u>	<u>2,511,400</u>

The primary responsibility of the Governor's Office for Policy and Management is to assist the Governor and his Cabinet by providing coordination and analysis for policy formulation, state management, budget preparation and execution, and a variety of related financial processes. The Office provides this assistance by serving as staff to the Governor, Secretary of the Cabinet, and the Secretary of the Finance and Administration Cabinet. Through this program, the Governor's Office for Policy and Management assists the Governor in the preparation of the "Executive Budget," the overall financial plan for state government, for submission, review, modification, and approval by the General Assembly. The preparation of the budget includes the transmittal of information and necessary forms to state agencies, assisting those agencies in the preparation of their budget requests, reviewing the requests, and making subsequent recommendations to the Governor. Following the approval of the state's financial plan and its enactment into law by the General Assembly in the form of an appropriations bill, the Governor is assisted in the execution of the plan through the implementation of appropriations, monitoring of agency expenditures, review of program activities, and monitoring of program performance.

GOVERNMENT OPERATIONS
Executive Office of the Governor
State Planning Fund

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Planning Fund	225,000	500,000	500,000	500,000	500,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	225,000	500,000	500,000	500,000	500,000

The State Planning Fund is a central source of funds available to provide support for statewide planning projects designed to improve the delivery of government services. Under Chapter 147 of the Kentucky Revised Statutes, overall planning and development functions are a responsibility of the Governor's Cabinet. KRS 147.075 delegated these functions to a Cabinet committee, designated as the State Planning Committee, which fulfills this responsibility through its management of the State Planning Fund. The State Planning Committee includes the Governor, representatives from the various program cabinets, and the Executive Director of the Governor's Office for Policy and Management. The Governor serves as the Chairman of the Committee and the Executive Director of the Governor's Office for Policy and Management serves as its Secretary. In addition to the Executive Director serving as Secretary, the Governor's Office for Policy and Management has the responsibility to review proposed planning projects, to make recommendations for funding to the Governor and the other members of the State Planning Committee, and to provide staff support to the Committee.

Policy

Additional funding of \$275,000 is provided to the State Planning Fund each year of the biennium to improve the delivery of government services.

GOVERNMENT OPERATIONS
Secretary of State

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,827,400	2,069,000	2,122,900	2,160,300	2,223,200
Restricted Agency Funds					
Balance Forward	67,500	39,500	39,500	39,500	39,500
Current Receipts	72,000	100,000	100,000	100,000	100,000
Total Restricted Agency Funds	139,500	139,500	139,500	139,500	139,500
TOTAL FUNDS	1,966,900	2,208,500	2,262,400	2,299,800	2,362,700
EXPENDITURES BY CLASS					
Personnel Costs	1,361,500	1,557,100	1,630,700	1,589,600	1,674,200
Operating Expenses	565,900	611,900	592,200	670,700	649,000
TOTAL EXPENDITURES	1,927,400	2,169,000	2,222,900	2,260,300	2,323,200
EXPENDITURES BY UNIT					
General Administration	1,883,400	2,125,000	2,178,900	2,216,300	2,279,200
Restoration of Land Grant Books	44,000	44,000	44,000	44,000	44,000
TOTAL EXPENDITURES	1,927,400	2,169,000	2,222,900	2,260,300	2,323,200

The Secretary of State is the constitutional officer entrusted with filing, maintaining, and preserving the important documents and records of the Commonwealth. The Secretary also keeps the Seal of the Commonwealth and affixes it to all communications and commissions issued in the name of the state. The Secretary of State consists of two units, General Administration and Restoration of Land Grant Books.

GOVERNMENT OPERATIONS
Secretary of State
General Administration

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,783,400	2,025,000	2,078,900	2,116,300	2,179,200
Restricted Agency Funds					
Balance Forward	67,500	39,500	39,500	39,500	39,500
Current Receipts	72,000	100,000	100,000	100,000	100,000
Total Restricted Agency Funds	139,500	139,500	139,500	139,500	139,500
TOTAL FUNDS	1,922,900	2,164,500	2,218,400	2,255,800	2,318,700
EXPENDITURES BY CLASS					
Personnel Costs	1,317,500	1,513,100	1,586,700	1,545,600	1,630,200
Operating Expenses	565,900	611,900	592,200	670,700	649,000
TOTAL EXPENDITURES	1,883,400	2,125,000	2,178,900	2,216,300	2,279,200
EXPENDITURES BY UNIT					
General Administration and Support	896,000	1,051,300	1,065,400	1,101,400	1,129,100
General Operations and Kentucky Business Law	887,400	973,700	1,013,500	1,014,900	1,050,100
Limited Liability Companies	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	1,883,400	2,125,000	2,178,900	2,216,300	2,279,200

The General Administration unit consists of three programs: General Administration and Support, General Operations and Kentucky Business Law, and Limited Liability Companies.

The General Administration and Support program is responsible for central policy research, planning, and implementation. The program also prepares and records official documents for the Governor and implements election laws pertaining to the Secretary of State.

The General Operations and Kentucky Business Law is responsible for the administration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, name changes, and certain stock matters. The program administers Kentucky's Notary Public Law, Kentucky's Uniform Commercial Code Law, laws regarding the service of summonses and complaints, and laws pertaining to trademarks and service marks. This program also issues commissions, pardons, commutations, extraditions, and the registration of trademarks.

The Limited Liability Companies program is responsible for being the filing officer for limited liability companies and registered limited liability partnerships. These companies and partnerships must file articles of organization with the Secretary of State. They must also file any amendments, mergers and dissolutions. This is a new program for the Secretary of State's office, established by Senate Bill 184, which was passed by the 1994 Kentucky General Assembly. Operations began on July 15, 1994.

GOVERNMENT OPERATIONS
Secretary of State
Restoration of Land Grant Books

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	44,000	44,000	44,000	44,000	44,000
EXPENDITURES BY CLASS					
Personnel Costs	44,000	44,000	44,000	44,000	44,000

The objective of the Restoration of Land Grant Books program is to preserve Kentucky land grant records and fulfill daily requests for copies of those records. The restoration process consists of indexing, deacidifying, laminating, and bonding, thus safety preserving Kentucky's original land grants.

GOVERNMENT OPERATIONS
Board of Elections

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,854,500	3,412,100	3,423,200	3,188,200	3,222,500
Restricted Agency Funds					
Balance Forward	14,000	3,900	3,900	3,900	3,900
Current Receipts	126,200	50,000	50,000	50,000	50,000
Total Restricted Agency Funds	140,200	53,900	53,900	53,900	53,900
TOTAL FUNDS	3,994,700	3,466,000	3,477,100	3,242,100	3,276,400
EXPENDITURES BY CLASS					
Personnel Costs	683,900	718,800	751,900	701,400	733,100
Operating Expenses	549,600	621,600	599,600	551,600	554,200
Grants, Loans or Benefits	2,732,300	2,096,700	2,096,700	1,962,200	1,962,200
Capital Outlay	25,000	25,000	25,000	23,000	23,000
TOTAL EXPENDITURES	3,990,800	3,462,100	3,473,200	3,238,200	3,272,500
EXPENDITURES BY UNIT					
General Administration and Support	1,258,500	1,338,400	1,351,500	1,274,000	1,310,300
State Share of County Election Expenses	1,705,200	935,100	935,100	935,100	935,100
State Share of Voter Registration Expenses	1,027,100	1,186,600	1,186,600	1,027,100	1,027,100
Presidential Electors		2,000		2,000	
TOTAL EXPENDITURES	3,990,800	3,462,100	3,473,200	3,238,200	3,272,500

The State Board of Elections administers the election laws of the state and supervises the registration and purgation of voters within the state. The Board is responsible for canvassing returns, certifying successful candidates, maintaining the statewide list of registered voters, and implementing legislation relating to campaign finance reform.

The Board is directed by the Secretary of State, an ex officio member, with other members appointed by the Governor.

Policy

Included in the General Fund appropriation is \$1,962,200 in each fiscal year to pay the state's share of county election expenses and the state's share of voter registration expenses. Pursuant to the Appropriations Act, any unexpended balance remaining at the close of each fiscal year shall lapse to the credit of the General Fund. Any amount that the state is required to pay in excess of the above amounts, for the purpose of reimbursing the county clerks for voter registration expense, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account or the Budget Reserve Trust Fund. Special elections and creation of additional precincts due to redistricting or reapportionment shall be deemed necessary governmental expenses and be paid from General Fund Surplus.

GOVERNMENT OPERATIONS
Board of Elections
General Administration and Support

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,122,200	1,288,400	1,301,500	1,224,000	1,260,300
Restricted Agency Funds					
Balance Forward	14,000	3,900	3,900	3,900	3,900
Current Receipts	126,200	50,000	50,000	50,000	50,000
Total Restricted Agency Funds	140,200	53,900	53,900	53,900	53,900
TOTAL FUNDS	1,262,400	1,342,300	1,355,400	1,277,900	1,314,200
EXPENDITURES BY CLASS					
Personnel Costs	683,900	718,800	751,900	701,400	733,100
Operating Expenses	549,600	594,600	574,600	549,600	554,200
Capital Outlay	25,000	25,000	25,000	23,000	23,000
TOTAL EXPENDITURES	1,258,500	1,338,400	1,351,500	1,274,000	1,310,300

The General Administration and Support program objectives are to maintain an up-to-date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

GOVERNMENT OPERATIONS
Board of Elections
State Share of County Election Expenses

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,705,200	935,100	935,100	935,100	935,100
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,705,200	935,100	935,100	935,100	935,100

The State Share of County Election Expenses program is mandated to pay all precincts eligible under law the state's statutory share of county election expenses. Payment is made on the basis of a maximum state payment of \$255 per precinct per election to each precinct using voting machines.

GOVERNMENT OPERATIONS
Board of Elections
State Share of Voter Registration Expenses

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,027,100	1,186,600	1,186,600	1,027,100	1,027,100
EXPENDITURES BY CLASS					
Operating Expenses		25,000	25,000		
Grants, Loans or Benefits	1,027,100	1,161,600	1,161,600	1,027,100	1,027,100
TOTAL EXPENDITURES	<u>1,027,100</u>	<u>1,186,600</u>	<u>1,186,600</u>	<u>1,027,100</u>	<u>1,027,100</u>

The State Share of Voter Registration Expenses program pays each eligible county the state's statutory share of voter registration expenses. Payments of 25 cents are made for each new voter registration. Payments of up to 50 cents for each registered voter are made for costs associated with the conduct of elections.

GOVERNMENT OPERATIONS
Board of Elections
Presidential Electors

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		2,000		2,000	
EXPENDITURES BY CLASS					
Operating Expenses		2,000		2,000	

This is an expense incurred every year of a Presidential election. KRS 118.455 requires the State to pay per diem and mileage costs to each elector of President and Vice President of the United States, for each day they are at the State Capitol as an elector. They receive the same per diem and mileage costs as may at the time be allowed to members of the General Assembly, to be paid out of the State Treasury.

GOVERNMENT OPERATIONS
Treasury

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,574,200	2,005,700	2,122,700	1,735,400	1,857,700
Special Appropriation	176,600				
Total General Fund	<u>1,750,800</u>	<u>2,005,700</u>	<u>2,122,700</u>	<u>1,735,400</u>	<u>1,857,700</u>
Restricted Agency Funds					
Balance Forward	100,700	44,100		44,100	
Current Receipts	166,600	166,600	166,600	166,600	166,600
Total Restricted Agency Funds	<u>267,300</u>	<u>210,700</u>	<u>166,600</u>	<u>210,700</u>	<u>166,600</u>
TOTAL FUNDS	<u>2,018,100</u>	<u>2,216,400</u>	<u>2,289,300</u>	<u>1,946,100</u>	<u>2,024,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,553,000	1,680,200	1,762,900	1,479,900	1,567,900
Operating Expenses	421,000	508,700	526,400	438,700	456,400
Capital Outlay		27,500		27,500	
TOTAL EXPENDITURES	<u>1,974,000</u>	<u>2,216,400</u>	<u>2,289,300</u>	<u>1,946,100</u>	<u>2,024,300</u>
EXPENDITURES BY UNIT					
General Administration and Support	1,149,200	1,227,900	1,258,200	1,128,800	1,163,500
Disbursements and Accounting	453,200	525,100	551,000	468,700	497,100
Unclaimed Property Administration	371,600	463,400	480,100	348,600	363,700
TOTAL EXPENDITURES	<u>1,974,000</u>	<u>2,216,400</u>	<u>2,289,300</u>	<u>1,946,100</u>	<u>2,024,300</u>

The Treasury Department is the central administrative state agency responsible for the receipt and custody of all revenues collected by state government, as outlined in Chapter 41 of the Kentucky Revised Statutes, and for the writing of all checks and disbursement of state funds.

The Treasury Department is headed by the State Treasurer who is a constitutional officer as provided in Section 91 of the State Constitution.

The General Administration and Support Division provides all the necessary management support for the Treasury including fiscal control, personnel administration, and policy development and implementation.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, and fees from officials in counties over 75,000 in population, as well as fees from various boards and commissions. This program also receives, balances, and deposits all payroll withholding taxes for all state agencies, and all funds designated by state employees to be withheld from their payroll checks for U. S. Savings Bonds. A computer analysis is maintained on daily receipts and disbursements. This information is sent to the Finance and Administration Cabinet for accounting and revenue posting.

The Unclaimed Property Branch is responsible for administering the provisions of KRS Chapter 393, related to Escheats Law. This Branch collects unclaimed property and locates the rightful owners.

Policy

The enacted budget reflects the reorganization adjustments made by Administrative Order 96-01, effective January 16, 1996, which complies with the reductions made in the 1994-96 Budget Memorandum.

GOVERNMENT OPERATIONS
Attorney General

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,896,200	10,923,600	11,389,500	9,882,900	10,639,900
Restricted Agency Funds					
Balance Forward	1,441,500	634,800	579,600	634,800	438,800
Current Receipts	1,645,400	1,340,700	1,396,100	1,340,700	1,395,600
Non-Revenue Receipts	6,430,000	6,508,900	6,556,600	6,509,500	6,557,100
Total Restricted Agency Funds	<u>9,516,900</u>	<u>8,484,400</u>	<u>8,532,300</u>	<u>8,485,000</u>	<u>8,391,500</u>
Federal Funds					
Balance Forward	700				
Current Receipts	1,281,600	1,217,400	1,272,400	1,213,400	1,268,400
Revenue Redistribution	-59,100				
Total Federal Funds	<u>1,223,200</u>	<u>1,217,400</u>	<u>1,272,400</u>	<u>1,213,400</u>	<u>1,268,400</u>
TOTAL FUNDS	<u>19,636,300</u>	<u>20,625,400</u>	<u>21,194,200</u>	<u>19,581,300</u>	<u>20,299,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	11,896,400	12,910,900	13,490,700	11,603,800	12,170,700
Operating Expenses	1,699,400	1,738,200	1,808,300	1,672,500	1,734,300
Grants, Loans or Benefits	5,348,400	5,348,500	5,348,500	5,848,400	6,148,400
Capital Outlay	57,300	48,200	27,900	17,800	8,900
TOTAL EXPENDITURES	<u>19,001,500</u>	<u>20,045,800</u>	<u>20,675,400</u>	<u>19,142,500</u>	<u>20,062,300</u>
EXPENDITURES BY UNIT					
Administrative Services	2,067,800	2,169,500	2,269,900	2,152,600	2,249,000
Advocacy Services	2,576,000	2,684,200	2,767,500	2,321,700	2,705,300
Criminal Services	5,399,000	5,843,900	6,277,300	5,668,300	5,938,200
Civil Services	2,483,100	2,839,300	2,804,100	2,490,400	2,612,700
Uninsured Employers' Fund	6,475,600	6,508,900	6,556,600	6,509,500	6,557,100
TOTAL EXPENDITURES	<u>19,001,500</u>	<u>20,045,800</u>	<u>20,675,400</u>	<u>19,142,500</u>	<u>20,062,300</u>

As Kentucky's chief law enforcement officer, the Attorney General performs a variety of legal, investigative and administrative duties on behalf of the citizens of the Commonwealth.

The Criminal Appellate Division represents the citizens of Kentucky and the victims of crime in all criminal appeals and other post-conviction proceedings in state and federal courts. The Division advises elected prosecutors on legal issues, assists in prosecutor training, reviews the merits of appeals, or requests for certification of the law by prosecutors and participates in amicus curiae efforts by other states.

The Consumer Protection Act, KRS 367.110 to 367.300, mandates that the Consumer Protection Division enforce the provisions of the Act that prohibit unfair, false, misleading, and deceptive acts or practices. The Division investigates consumer matters, mediates consumer complaints, and promotes consumer education. The Division also serves as the staff to the Governor's Consumer Advisory Council, and operates the Health Spas and Cemeteries and Funeral Homes Program, codified as KRS 367.905 and KRS 367.932 to 367.991.

The Special Investigations Division investigates certain specialized, primarily white-collar, criminal activity. The Welfare Fraud Unit investigates fraud in the Food Stamp, Aid for Dependent Children, and Medical Assistance programs. The Drug Enforcement Unit investigates illegal drug transactions with special emphasis on the illegal diversion of legally manufactured drugs.

The Special Prosecutions Division prosecutes criminal cases pursuant to KRS 15.190 to 15.240 and KRS 15.715. The Tobacco Rebate Anti-Discrimination Law Enforcement program is a branch in this Division. The Special Prosecutions branch assists local prosecutors in complex or sensitive cases, handles cases in which the local prosecutor disqualifies himself, and prosecutes thefts from the Commonwealth by employees or elected officials.

The Prosecutors Advisory Council Division performs staff services for the Prosecutors Advisory Council. The Council is charged with preparation and oversight of the budget of the Unified Prosecutorial System and its continuing legal education and program development.

The Medicaid Fraud and Abuse Control Division investigates and prosecutes cases of Medicaid provider fraud pursuant to KRS 194.500 to 194.900 and KRS Chapter 205. The Division also investigates and refers for prosecution, complaints of physical abuse at Medicaid facilities.

The Civil and Environmental Law Division represents the state's boards and agencies, issues formal opinions, represents state officials, elected prosecutors and the judiciary in legal proceedings, oversees lobbyists' registration, intervenes in constitutional challenges to state statutes, and through its Anti-Trust branch enforces the state's anti-trust statute. In addition, the Division acts as the legal representative of the Uninsured Employers' Fund in all proceedings to enforce workers' compensation claims against or for the Fund. In the 1987 Extraordinary Session of the General Assembly, the responsibility for the administration of the Fund and the conservation of its assets was transferred to the Labor Cabinet. The Public Service Litigation Branch, within this Division, operates under the authority of KRS 367.150(8) and is the only state government entity charged solely with the protection of consumers' interests before ratemaking bodies such as the Public Service Commission. The Asbestos Litigation Unit, also within this Division, is responsible for the ongoing suit against asbestos manufacturers.

The Victims Advocacy Division operates the Victims Advocacy program and provides support services to every victim of crime whose case is handled by the Attorney General's Office. The Division assists local prosecutors who wish to establish victims' programs, provides staff support to the Child Sexual Abuse and Exploitation Prevention Board and to the Child Victims' Trust Fund, and provides external monitoring services to the Children's Residential Services program in the Cabinet for Families and Children.

The Child Support Enforcement Commission was created in 1988 pursuant to KRS 15.290. Under its mandate, the Commission advises the Governor on child support enforcement issues. It also serves as a forum to foster increased cooperation among the agencies involved in the delivery of child support services.

The Administrative Hearings Division was created by House Bill 334, adopted during the 1994 Session of the General Assembly. Currently, the Division conducts 43 different kinds of hearings for 17 agencies. It also works to oversee the entire hearings process for state government and to provide training for hearing officers as required by KRS 13B.030.

Policy

Additional funds are provided to support victims' advocate services in the amount of \$500,000 in fiscal year 1997 and \$800,000 in fiscal year 1998.

GOVERNMENT OPERATIONS
Unified Prosecutorial System

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,392,700	31,347,600	32,082,200	30,898,200	32,731,200
Mandated Allotments	131,700				
Total General Fund	<u>26,524,400</u>	<u>31,347,600</u>	<u>32,082,200</u>	<u>30,898,200</u>	<u>32,731,200</u>
Restricted Agency Funds					
Balance Forward	108,900	63,400	53,100	63,500	53,200
Current Receipts	444,300	447,700	460,100	447,700	460,100
Non-Revenue Receipts	57,500	69,200	72,300	69,200	72,300
Total Restricted Agency Funds	<u>610,700</u>	<u>580,300</u>	<u>585,500</u>	<u>580,400</u>	<u>585,600</u>
Federal Funds					
Balance Forward	600			600	
Non-Revenue Receipts	312,400	330,500	342,100	330,500	342,100
Total Federal Funds	<u>313,000</u>	<u>330,500</u>	<u>342,100</u>	<u>331,100</u>	<u>342,100</u>
TOTAL FUNDS	<u>27,448,100</u>	<u>32,258,400</u>	<u>33,009,800</u>	<u>31,809,700</u>	<u>33,658,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	25,243,600	28,728,000	30,218,200	28,264,200	30,501,100
Operating Expenses	2,060,400	3,019,900	2,967,800	3,221,800	3,034,900
Grants, Loans or Benefits	80,000	87,000	87,000	80,000	80,000
Capital Outlay		370,400		190,500	
TOTAL EXPENDITURES	<u>27,384,000</u>	<u>32,205,300</u>	<u>33,273,000</u>	<u>31,756,500</u>	<u>33,616,000</u>
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	13,692,500	16,291,600	16,649,200	16,630,400	17,794,800
County Attorneys	13,691,500	15,913,700	16,623,800	15,126,100	15,821,200
TOTAL EXPENDITURES	<u>27,384,000</u>	<u>32,205,300</u>	<u>33,273,000</u>	<u>31,756,500</u>	<u>33,616,000</u>

Pursuant to KRS 15.700, the Unified Prosecutorial System was established January 1, 1978, to encourage cooperation among law enforcement officers and to provide for the general supervision of criminal justice by the Attorney General, as chief law enforcement officer and chief prosecutor of the Commonwealth. Also, its role is to maintain uniform and efficient enforcement of the criminal law and administration of criminal justice throughout the Commonwealth.

The Unified Prosecutorial System is administered by the Prosecutors Advisory Council with the Attorney General serving as chairman. The Unified Prosecutorial System is comprised of the 56 Commonwealth's Attorneys and 120 County Attorneys for the purpose of prosecuting criminal cases in Kentucky's circuit and district courts.

GOVERNMENT OPERATIONS
Unified Prosecutorial System
Commonwealth's Attorneys

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,817,600	15,503,400	15,531,000	15,841,600	16,982,600
Mandated Allotments	82,200				
Total General Fund	<u>12,899,800</u>	<u>15,503,400</u>	<u>15,531,000</u>	<u>15,841,600</u>	<u>16,982,600</u>
Restricted Agency Funds					
Balance Forward	98,800	62,800	52,800	62,800	52,800
Current Receipts	444,300	447,700	460,100	447,700	460,100
Total Restricted Agency Funds	<u>543,100</u>	<u>510,500</u>	<u>512,900</u>	<u>510,500</u>	<u>512,900</u>
Federal Funds					
Balance Forward	600			600	
Non-Revenue Receipts	312,400	330,500	342,100	330,500	342,100
Total Federal Funds	<u>313,000</u>	<u>330,500</u>	<u>342,100</u>	<u>331,100</u>	<u>342,100</u>
TOTAL FUNDS	<u>13,755,900</u>	<u>16,344,400</u>	<u>16,386,000</u>	<u>16,683,200</u>	<u>17,837,600</u>
EXPENDITURES BY CLASS					
Personnel Costs	12,018,400	13,899,000	14,620,600	13,871,200	15,383,800
Operating Expenses	1,594,100	1,978,000	1,941,600	2,510,000	2,331,000
Grants, Loans or Benefits	80,000	87,000	87,000	80,000	80,000
Capital Outlay		327,600		169,200	
TOTAL EXPENDITURES	<u>13,692,500</u>	<u>16,291,600</u>	<u>16,649,200</u>	<u>16,630,400</u>	<u>17,794,800</u>
EXPENDITURES BY UNIT					
Commonwealth's Attorneys					
General Fund	12,899,800	15,503,400	15,837,000	15,842,200	16,982,600
VOCA 16th Circuit	22,800	23,500	24,300	23,500	24,300
VOCA 22nd Circuit	61,500	62,000	63,000	62,000	63,000
VOCA 11th Circuit	24,400	24,300	24,600	24,300	24,600
HHS 22nd Circuit	43,100	48,500	51,000	48,500	51,000
VOCA 8th Circuit	18,300	20,300	20,700	20,300	20,700
VOCA 17th Circuit	37,400	39,400	44,300	39,400	44,300
VOCA 1st Circuit	19,300	21,200	21,500	21,200	21,500
VOCA 30th Circuit	23,000	26,200	26,600	26,200	26,600
VOCA 27th Circuit	22,100	22,800	23,200	22,800	23,200
VOCA 2nd Circuit	25,500	27,300	27,900	27,300	27,900
Highway 22nd Circuit	15,000	15,000	15,000	15,000	15,000
Asset Forfeiture	60,000	60,000	60,000	60,000	60,000
Child Victim Defense	420,300	397,700	410,100	397,700	410,100
TOTAL EXPENDITURES	<u>13,692,500</u>	<u>16,291,600</u>	<u>16,649,200</u>	<u>16,630,400</u>	<u>17,794,800</u>

Pursuant to KRS 15.725, the Commonwealth's Attorney shall attend each circuit court held in the judicial circuit. The Commonwealth's Attorney shall, except as provided by KRS 15.715, have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorney shall have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735 the Commonwealth's Attorneys also serve as special prosecutors in cases where the regularly elected prosecutor has been disqualified.

The Commonwealth's Attorney program is made up of 56 elected Commonwealth's Attorneys, one for each circuit, and each having a staff. Fifteen circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. The prosecution of each felony requires a thorough investigation which involves extensive research and trial preparation by the prosecutor. Witness interviews, motions, conferences, plea bargaining, case studies, and continuing legal education are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Policy

Fiscal year 1997 includes \$482,000 and fiscal year 1998 \$505,700 for additional staff positions.

Additional funding for general operating expenses is provided in the amounts of \$338,500 in fiscal year 1997 and \$205,300 in fiscal year 1998.

Funding to allow 22 part-time Commonwealth's Attorneys to become full time is provided at a cost of \$1,440,400 in fiscal year 1997 and \$2,091,300 in fiscal year 1998.

GOVERNMENT OPERATIONS
Unified Prosecutorial System
County Attorneys

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,575,100	15,844,200	16,551,200	15,056,600	15,748,600
Mandated Allotments	49,500				
Total General Fund	<u>13,624,600</u>	<u>15,844,200</u>	<u>16,551,200</u>	<u>15,056,600</u>	<u>15,748,600</u>
Restricted Agency Funds					
Balance Forward	10,100	600	300	700	400
Non-Revenue Receipts	57,500	69,200	72,300	69,200	72,300
Total Restricted Agency Funds	<u>67,600</u>	<u>69,800</u>	<u>72,600</u>	<u>69,900</u>	<u>72,700</u>
TOTAL FUNDS	<u>13,692,200</u>	<u>15,914,000</u>	<u>16,623,800</u>	<u>15,126,500</u>	<u>15,821,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,225,200	14,829,000	15,597,600	14,393,000	15,117,300
Operating Expenses	466,300	1,041,900	1,026,200	711,800	703,900
Capital Outlay		42,800		21,300	
TOTAL EXPENDITURES	<u>13,691,500</u>	<u>15,913,700</u>	<u>16,623,800</u>	<u>15,126,100</u>	<u>15,821,200</u>

Pursuant to KRS 15.725(2), the County Attorney shall attend the district court in the county and prosecute all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the regular elected prosecutor has been disqualified.

The County Attorney is statutorily responsible for handling felony cases until the case is transferred to circuit court. Misdemeanors, juvenile and traffic cases, warrant preparation, motions, investigations, and witness interviews must be completed by the County Attorney. The County Attorney frequently mediates local complaints; thus, many of the services provided may never appear on a court docket.

Policy

Funds totaling \$329,800 in fiscal year 1997 and \$352,900 in fiscal year 1998 are provided for additional staff positions. Additional funding for general operating expenses is provided amounting to \$262,500 in fiscal year 1997 and \$233,300 in fiscal year 1998.

GOVERNMENT OPERATIONS
Auditor of Public Accounts

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,197,000	5,091,100	5,296,200	4,434,100	4,572,100
Restricted Agency Funds					
Balance Forward	568,400	401,800	189,300	415,400	244,300
Current Receipts	1,404,200	1,599,500	1,667,700	1,599,500	1,667,700
Non-Revenue Receipts	1,222,200	1,343,300	1,410,400	1,343,300	1,410,400
Total Restricted Agency Funds	<u>3,194,800</u>	<u>3,344,600</u>	<u>3,267,400</u>	<u>3,358,200</u>	<u>3,322,400</u>
TOTAL FUNDS	<u>7,391,800</u>	<u>8,435,700</u>	<u>8,563,600</u>	<u>7,792,300</u>	<u>7,894,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	6,144,800	7,329,800	7,488,600	6,670,500	6,992,900
Operating Expenses	732,400	782,500	793,000	782,500	793,000
Grants, Loans or Benefits		39,100	141,000		
Capital Outlay	99,200	95,000	95,000	95,000	95,000
TOTAL EXPENDITURES	<u>6,976,400</u>	<u>8,246,400</u>	<u>8,517,600</u>	<u>7,548,000</u>	<u>7,880,900</u>
EXPENDITURES BY UNIT					
State Audits	2,759,900	3,226,700	3,395,100	3,084,700	3,220,800
County Audits	3,000,600	3,424,200	3,517,600	3,243,300	3,386,400
Administration	1,215,900	1,595,500	1,604,900	1,220,000	1,273,700
TOTAL EXPENDITURES	<u>6,976,400</u>	<u>8,246,400</u>	<u>8,517,600</u>	<u>7,548,000</u>	<u>7,880,900</u>

The Auditor of Public Accounts, a constitutionally elected official, is charged with the responsibility for auditing all state agencies and all county governments in order to ensure the most efficient and effective use of the taxpayers' money pursuant to KRS Chapter 43.

In fulfilling this responsibility, the Auditor has the duty to: audit the state's general accounts and the accounts of all state agencies; audit all private and semiprivate agencies receiving or handling any state funds as deemed necessary; audit all state revenue collections; examine the management and condition of all institutions and public works in which the state has any financial interest or legal power as may be necessary; and ensure the safe custody and proper accounting of all property of the state, pursuant to KRS 43.050.

The Auditor's responsibilities include assisting state and local officials in establishing and maintaining proper accounting records and internal and administrative controls over public funds as well as responding to requests of public officials, and the general public concerning financial and program matters.

The Auditor assists the Legislative Research Commission in investigations and cooperates in the preparation of its reports to the General Assembly. The Auditor's Office also makes special audits and investigations as requested by the Governor.

The Auditor's Office is responsible for the following programs: County Government Audits and State Agency Audits.

The objectives of the County Audits Division include auditing county officials in accordance with generally accepted government auditing standards, KRS 43.070 and other applicable statutes, and the Single Audit Act of 1984 enacted by the United States Congress. This includes audits of fiscal courts, county clerks, sheriffs, property valuation administrators, and circuit court clerks. The Division also conducts such other audits as requested or deemed necessary, and disseminates the findings and recommendations of all audits on a timely basis.

The objectives of the Division of State Audits include conducting an annual statewide single audit of the Commonwealth in accordance with generally accepted auditing standards, KRS Chapter 43 and other applicable statutes, and the Single Audit Act of 1984 enacted by the United States Congress. The Division also conducts such other audits as requested or deemed necessary, and disseminates the findings and recommendations of all audits on a timely basis. The Auditor of Public Accounts is also responsible to conduct additional state audits pursuant to KRS 45.149. The Division of State Audits has the responsibility to audit the Kentucky Lottery Corporation pursuant to KRS 154A. The Division of State Audits is charged to assist the Legislative Research Commission as may be requested.

Policy

The enacted budget includes General Funds of \$200,000 in each year of the biennium which will enable the Auditor of Public Accounts to hire four additional auditors to conduct performance audits in state agencies. The objectives of the performance audits are to assess the operations and program activity of state government agencies, improve service delivery, reduce costs, and facilitate decision-making.

GOVERNMENT OPERATIONS
Agriculture

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,573,000	16,930,500	16,792,300	15,463,700	16,466,500
Current Year Appropriation	763,400				
Special Appropriation		500,000			
Total General Fund	13,336,400	17,430,500	16,792,300	15,463,700	16,466,500
Restricted Agency Funds					
Balance Forward	1,958,000	1,993,800	2,247,600	1,993,800	2,225,600
Current Receipts	2,259,200	2,281,300	2,259,200	2,259,200	2,259,200
Total Restricted Agency Funds	4,217,200	4,275,100	4,506,800	4,253,000	4,484,800
Federal Funds					
Balance Forward	212,700	80,600	82,000	80,600	80,600
Current Receipts	1,183,600	1,235,100	1,232,700	1,231,300	1,277,300
Total Federal Funds	1,396,300	1,315,700	1,314,700	1,311,900	1,357,900
TOTAL FUNDS	18,949,900	23,021,300	22,613,800	21,028,600	22,309,200
EXPENDITURES BY CLASS					
Personnel Costs	11,689,400	14,328,900	14,087,700	12,133,500	12,459,300
Operating Expenses	4,026,600	4,431,400	3,985,400	4,259,100	4,253,400
Grants, Loans or Benefits	1,127,900	1,405,600	1,415,800	2,195,000	2,984,200
Debt Service		332,000	537,800		
Capital Outlay	31,600	193,800	55,900	134,800	59,900
TOTAL EXPENDITURES	16,875,500	20,691,700	20,082,600	18,722,400	19,756,800
EXPENDITURES BY UNIT					
Administration and Support	2,293,300	3,343,000	2,645,600		
Environmental Advocacy	3,777,600	3,432,200	3,536,500		
Agri-Business Standards	5,214,700	5,295,400	5,437,300		
State Veterinarian	3,975,800	6,236,300	5,840,600		
Agri-Markets	1,614,100	2,384,800	2,622,600		
Strategic Planning and Administration				2,397,000	2,372,200
Environmental Outreach				3,621,700	3,683,200
Consumer and Public Service				4,440,900	4,493,700
State Veterinarian				3,949,700	4,044,000
Agricultural Marketing and Product Promotion				3,446,000	3,537,400
Diagnostic Laboratories				467,100	826,300
Regional Universities				400,000	800,000
TOTAL EXPENDITURES	16,875,500	20,691,700	20,082,600	18,722,400	19,756,800

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. In addition, the State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner. The Department of Agriculture is divided into five service units:

The Office for Strategic Planning and Administration is responsible for personnel functions, financial operations, public relations, and technology systems.

The Office for Environmental Outreach reflects the Department's role of fostering understanding and cooperation between Kentucky's agriculture community and federal/state enforcement entities. This Office is responsible for conducting various pest and noxious weed control programs, enforcing federal/state laws and regulations pertaining to the control of pesticide use and application, and providing an avenue of discussion and negotiation between regulator and those being regulated.

The Office for Consumer and Public Service directs programs which have a direct bearing on agricultural revenue. The Office conducts the hay grading program, certifies all sales made by solid weight or liquid volume, licenses all egg wholesalers, and inspects all amusement rides operating within the Commonwealth. Further duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the USDA.

The Office of the State Veterinarian is responsible for protecting the livestock industry pursuant to KRS Chapter 257. The Office formulates and regulates all disease policies and investigates all disease outbreaks.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting of specific products and commodities and reporting of market news. Additional responsibilities include the research and development of new and/or expanded outlets for Kentucky's agricultural products, administration of the Kentucky logo labeling program, administration of the Shows and Fairs Promotion Division, and the regulation of the ginseng industry through dealer registration and export certification.

Policy

The enacted budget reflects the reorganization of the Department of Agriculture as enacted in House Bill 538. All historical and requested budget information reflects the old organizational structure. House Bill 538 reorganizes the Department of Agriculture into six offices: Office of the Commissioner, Office for Strategic Planning and Administration, Office for Environmental Outreach, Office for Consumer and Public Service, Office of State Veterinarian, and Office for Agricultural Marketing and Product Promotion.

Three additional current fiscal year 1996 general fund appropriations totaling \$763,400 have been authorized in the enacted budget. A joint trade office in Mexico shall be established by Agriculture with \$200,000, plus an undetermined current year fund commitment from the Cabinet for Economic Development. Additional funding of \$312,000 is provided for the purchase of life/safety equipment, such as chemicals, supplies, and test kits to combat mosquitoes, rabies, and infectious disease in cattle and livestock. The Department of Agriculture's duties under Senate Bill 137 or the Youth Tobacco Enforcement initiative are funded with \$251,400 for the delivery of services by the Department of Alcoholic Beverage Control.

The Department of Agriculture's enacted budgets for fiscal year 1997 and fiscal year 1998 provides total additional General Fund appropriations of \$1,797,400 and \$2,581,400, respectively, for six recurring programs.

The Youth Tobacco Enforcement initiative, as set forth in Senate Bill 137, is continued from fiscal year 1996 with biennial funding of \$501,400 and \$501,400 for fiscal years 1997 and 1998. The Department of Agriculture will continue to support this initiative through an agreement with the Department of Alcoholic Beverage Control.

Diagnostic Lab operation funding is provided for Murray State University at \$217,100 and \$456,300 and University of Kentucky at \$250,000 and \$370,000 for fiscal years 1997 and 1998.

The Value-Added Division of Agriculture is provided \$236,900 and \$231,700 for six permanent full-time personnel in conjunction with an Agriculture in the Classroom Division for fiscal years 1997 and 1998.

Regional University Agriculture programs are provided \$400,000 and \$800,000 for fiscal years 1997 and 1998 to be equitably apportioned between programs.

A Shows and Fairs Grant Expansion under KRS 247.200 is funded with \$192,000 and \$222,000 for fiscal years 1997 and 1998. Annual basic funding of \$4,000 is provided to county fairs through this provision.

The fiscal year 1997 enacted budget provides \$22,000 in non-recurring, restricted agency funds for equipment purchases, specifically a new forklift and fax machine for the Commodity Foods Program.

GOVERNMENT OPERATIONS
Military Affairs

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,663,900	12,726,900	13,124,900	9,462,500	10,381,100
Mandated Allotments	3,551,500				
Total General Fund	<u>14,215,400</u>	<u>12,726,900</u>	<u>13,124,900</u>	<u>9,462,500</u>	<u>10,381,100</u>
Restricted Agency Funds					
Balance Forward	3,279,500	2,166,700	1,930,700	2,166,700	1,180,700
Current Receipts	9,263,600	10,793,300	9,909,000	10,272,800	9,363,900
Non-Revenue Receipts	148,900				
Total Restricted Agency Funds	<u>12,692,000</u>	<u>12,960,000</u>	<u>11,839,700</u>	<u>12,439,500</u>	<u>10,544,600</u>
Federal Funds					
Balance Forward	1,300			1,300	1,300
Current Receipts	22,953,900	9,184,000	9,246,800	9,084,000	9,146,800
Non-Revenue Receipts	-49,100	-100,000	-100,000		
Total Federal Funds	<u>22,906,100</u>	<u>9,084,000</u>	<u>9,146,800</u>	<u>9,085,300</u>	<u>9,148,100</u>
TOTAL FUNDS	<u>49,813,500</u>	<u>34,770,900</u>	<u>34,111,400</u>	<u>30,987,300</u>	<u>30,073,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,343,800	14,080,600	14,033,800	13,319,000	13,643,500
Operating Expenses	9,584,400	9,596,300	9,393,300	8,730,500	8,716,500
Grants, Loans or Benefits	24,080,300	7,814,800	7,635,800	7,560,100	7,481,100
Debt Service		975,000	1,212,000		
Capital Outlay	637,000	374,000	264,800	195,700	159,700
TOTAL EXPENDITURES	<u>47,645,500</u>	<u>32,840,700</u>	<u>32,539,700</u>	<u>29,805,300</u>	<u>30,000,800</u>
EXPENDITURES BY UNIT					
General Administration	3,649,900	2,825,200	2,927,000	2,544,300	2,716,500
Property Management	6,663,100	8,136,900	8,660,900	6,712,500	6,780,400
Air Transportation	1,778,800	1,833,700	1,885,600	1,768,500	1,671,600
Disaster and Emergency Services	28,936,800	12,900,700	12,951,900	11,952,300	12,679,200
Veterans Division	514,000	635,500	554,800	458,000	506,000
Bluegrass Station	2,950,300	3,191,700	3,237,600	3,052,700	3,325,200
Retroeurope	3,152,600	3,317,000	2,321,900	3,317,000	2,321,900
TOTAL EXPENDITURES	<u>47,645,500</u>	<u>32,840,700</u>	<u>32,539,700</u>	<u>29,805,300</u>	<u>30,000,800</u>

The Department of Military Affairs is the state agency for all military matters and disaster and emergency service coordination in the Commonwealth. The Governor is constitutional Commander-in-Chief of the forces which are on duty in the state. The

Governor appoints the Adjutant General who commands the Kentucky National Guard (Army and Air), and directs and coordinates all programs of the Department.

The Department has the responsibility for organizing, equipping, training, and housing units of the Kentucky National Guard which may be called to duty by the Governor in the event of civil strife or disorder, or the occurrence of natural or manmade disasters.

The Department consists of these organizational units: General Administration and Support, Veteran's Affairs, Property Management, Air Transport, Disaster and Emergency Services, and Bluegrass Station which includes the entirely federal operation, RetroEurope, a re-distribution supply mission of the U. S. Department of Defense.

GOVERNMENT OPERATIONS
Personnel Board

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	455,100	495,100	490,400	490,700	486,600
Restricted Agency Funds					
Balance Forward	7,000	8,100	9,100	8,000	9,000
Current Receipts	1,000	1,000	1,000	1,000	1,000
Total Restricted Agency Funds	<u>8,000</u>	<u>9,100</u>	<u>10,100</u>	<u>9,000</u>	<u>10,000</u>
TOTAL FUNDS	<u>463,100</u>	<u>504,200</u>	<u>500,500</u>	<u>499,700</u>	<u>496,600</u>
EXPENDITURES BY CLASS					
Personnel Costs	395,900	410,800	425,900	410,800	425,900
Operating Expenses	59,200	63,300	64,500	58,900	60,700
Capital Outlay		21,000		21,000	
TOTAL EXPENDITURES	<u>455,100</u>	<u>495,100</u>	<u>490,400</u>	<u>490,700</u>	<u>486,600</u>

Created by the 1982 General Assembly as a separate state agency through KRS 18A.045, the Personnel Board is composed of seven members, five who are appointed by the Governor and two who are classified employees elected by their colleagues. The Board serves in a quasi-judicial capacity and assists the Department of Personnel in the development and amendment of administrative regulations as they pertain to the classified service.

The Personnel Board administers the appeals process of applicants for classified positions and conducts hearings for any classified employee who is dismissed, demoted, suspended or otherwise penalized after completing a probationary period of service and for those unclassified employees who are dismissed, demoted, suspended or otherwise penalized for cause.

Policy

Included in the above appropriation is \$21,000 in fiscal year 1997 for computer software/hardware upgrades.

GOVERNMENT OPERATIONS
Local Government

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,673,500	7,411,000	7,896,100	5,825,300	6,042,000
Current Year Appropriation	1,279,000				
Total General Fund	<u>6,952,500</u>	<u>7,411,000</u>	<u>7,896,100</u>	<u>5,825,300</u>	<u>6,042,000</u>
Restricted Agency Funds					
Balance Forward	1,898,400	1,883,100	1,898,200	1,883,000	1,898,100
Current Receipts	169,400	170,000	170,000	170,000	170,000
Non-Revenue Receipts	371,000	301,000	290,700	301,000	290,700
Total Restricted Agency Funds	<u>2,438,800</u>	<u>2,354,100</u>	<u>2,358,900</u>	<u>2,354,000</u>	<u>2,358,800</u>
Federal Funds					
Balance Forward	3,000				
Current Receipts	36,750,400	38,552,500	38,448,500	38,756,500	38,652,500
Non-Revenue Receipts	204,000	204,000	204,000		
Total Federal Funds	<u>36,957,400</u>	<u>38,756,500</u>	<u>38,652,500</u>	<u>38,756,500</u>	<u>38,652,500</u>
TOTAL FUNDS	<u>46,348,700</u>	<u>48,521,600</u>	<u>48,907,500</u>	<u>46,935,800</u>	<u>47,053,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,818,400	3,045,400	3,192,200	2,937,500	3,075,100
Operating Expenses	532,700	532,700	522,400	531,600	521,800
Grants, Loans or Benefits	40,611,100	42,024,300	41,736,500	41,166,400	41,051,200
Debt Service	433,000	965,500	1,498,000	345,000	445,000
Capital Outlay	70,500	55,500	55,500	57,200	57,300
TOTAL EXPENDITURES	<u>44,465,700</u>	<u>46,623,400</u>	<u>47,004,600</u>	<u>45,037,700</u>	<u>45,150,400</u>
EXPENDITURES BY UNIT					
Commissioner	298,200	641,000	355,400	259,200	270,600
Administrative Services	5,606,200	5,848,000	5,979,200	5,289,600	5,287,800
Development Finance	3,690,700	2,896,200	3,370,100	2,250,700	2,292,100
Community Programs	34,051,200	36,379,000	36,400,500	36,379,000	36,400,500
County and Municipal Accounting	819,400	859,200	899,400	859,200	899,400
TOTAL EXPENDITURES	<u>44,465,700</u>	<u>46,623,400</u>	<u>47,004,600</u>	<u>45,037,700</u>	<u>45,150,400</u>

The functions of the Department include: acting as the technical support and service agency of state government for local units of the Commonwealth; serving as a clearinghouse for data, information, and assistance useful or necessary to local government units; and assisting the Governor in coordinating activities having an impact upon the solution of local government problems. The Department is comprised of the Commissioner's Office and four divisions: Administrative Services, Development Finance, Community Programs, and County and Municipal Accounting.

The Commissioner's Office also administers the Flood Control Match Program, a two-year-old initiative to ensure that matching funds required by the U. S. Corps of Engineers are available for vital projects. The most recent assessment of proposed projects indicates a need for \$5 million to meet anticipated project requirements; \$2.5 million in state-issued debt funded the program initially. Local participation in the projects is also required.

Policy

Additional funding for the Flood Control Match Program was provided by reauthorizing the issuance of \$2,500,000 in bonds and making a current year General Fund appropriation of \$2,500,000 in the Capital Budget.

Funding to provide grants for the purchase of firefighting equipment or for firefighting educational purposes was provided in the amount of \$250,000 for each year of the biennium.

Current year General Fund appropriations were provided for the following local projects.

- Ambulance buildings in Hickman and Carlisle Counties - \$45,000
- T.K. Stone Auditorium in Elizabethtown - \$300,000
- Gamaliel, Menifee County, Blaine Park, Meade County, Taylor County, Scott County, and Woodford County Park projects - \$322,000
- Muhlenberg County Coal Museum and Lincoln Home Museum - \$155,000
- Sewer project, Phase II, in Henry County - \$200,000
- Mayfield Tourism project - \$75,000
- Cloverfork Library and Arts Center - \$50,000
- Nelson County Industries expansion project - \$40,000
- Preliminary design for a lake on Elk Creek in Fleming County - \$25,000
- Tandy McIntire School asbestos removal project and purchase of property for Livingston School Community Revitalization - \$67,000

GOVERNMENT OPERATIONS
Local Government
Special Funds

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,103,700	96,151,200	107,760,500	56,157,400	61,690,100
Continuing Appropriation	7,540,900			7,540,900	7,540,900
TOTAL FUNDS	61,644,600	96,151,200	107,760,500	63,698,300	69,231,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	54,103,700	96,151,200	107,760,500	56,157,400	61,690,100
EXPENDITURES BY UNIT					
Local Government Economic Development Fund	22,074,200	57,121,500	68,305,000	26,096,000	31,197,300
Local Government Economic Assistance Fund	32,029,500	31,114,100	31,548,700	30,061,400	30,492,800
Area Development Fund		7,915,600	7,906,800		
TOTAL EXPENDITURES	54,103,700	96,151,200	107,760,500	56,157,400	61,690,100

The Special Funds program includes: the Local Government Economic Assistance Fund (LGEAF) and the Local Government Economic Development Fund (LGEDF). The LGEAF receives funds from four sources shown below with distribution of coal receipts quarterly to eligible counties and cities which either produce coal or are affected by coal production via coal transport through a locality and distribution of other severance receipts to counties and cities proportionate to severance taxes paid.

The amounts appropriated for the LGEAF are calculated according to statutory percentages set out in KRS 42.450 through KRS 42.495 using the following December 1995 revenue estimates. Disbursement of funds is based on actual receipts.

	Fiscal Year 1997 Revenue Estimates	Percent	Fiscal Year 1998 Revenue Estimates	Percent
LGEAF				
Coal	171,100,000	12	170,900,000	12
Mineral	9,871,400	50	10,448,400	50
Gas	6,432,300	50	6,675,200	50
Oil	2,967,100	50	3,062,800	50
LGEDF				
Coal	171,100,000	16	170,900,000	19

A portion of coal severance taxes paid is transferred from the General Fund into the LGEDF for distribution to Kentucky coal producing counties in the form of economic development grants in accordance with KRS 42.450 through KRS 42.495. Counties make application for funds to the Cabinet for Economic Development which reviews, approves, and monitors projects. The amount of funding appropriated for the LGEDF is based on the revenue estimates shown above and represents percentages of 16 percent for fiscal year 1997 and 19 percent for fiscal year 1998, notwithstanding KRS 42.4582.

The Area Development Fund received no appropriation, notwithstanding KRS 42.350.

GOVERNMENT OPERATIONS
Commission on Human Rights

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,731,400	1,975,800	2,085,400	1,743,300	1,853,200
Restricted Agency Funds					
Balance Forward	126,100	200	200	75,200	23,400
Current Receipts		51,000	51,000		
Total Restricted Agency Funds	126,100	51,200	51,200	75,200	23,400
Federal Funds					
Balance Forward	35,700			35,700	35,700
Current Receipts	125,000	90,000	90,000	150,700	150,700
Total Federal Funds	160,700	90,000	90,000	186,400	186,400
TOTAL FUNDS	2,018,200	2,117,000	2,226,600	2,004,900	2,063,000
EXPENDITURES BY CLASS					
Personnel Costs	1,475,600	1,769,300	1,865,800	1,548,300	1,616,700
Operating Expenses	351,700	347,500	360,600	397,500	410,600
Grants, Loans or Benefits	80,000				
TOTAL EXPENDITURES	1,907,300	2,116,800	2,226,400	1,945,800	2,027,300
EXPENDITURES BY UNIT					
General Administration and Support	560,200	731,100	764,900	689,000	703,200
Enforcement Branch	858,100	845,300	897,400	778,800	827,300
Research and Information	311,400	327,600	342,900	306,200	318,900
Legal Services	177,600	212,800	221,200	171,800	177,900
TOTAL EXPENDITURES	1,907,300	2,116,800	2,226,400	1,945,800	2,027,300

The Kentucky Commission on Human Rights, pursuant to KRS Chapter 344, investigates complaints of discrimination in the areas of employment, housing, public accommodation and credit based on race, religion, national origin, age, disability, familial status, sex, and smoking status. The Commission also endeavors to foster mutual understanding and respect through education, technical assistance, and report writing. The Commission is divided into four service units including General Administration and Support, Enforcement, Research and Information, and Legal Services.

General Administration and Support performs personnel and fiscal activities and serves as liaison with the Governor's Office and legislators as well as other agencies in state government in conducting administrative operations. The development of internal policy directives and legislative initiatives are also functions of this unit.

The Enforcement Branch consists of two sections: Employment and Housing. Employees assigned to these sections investigate complaints of discrimination filed in the areas of employment, housing, public accommodation, and credit transactions.

The Research and Information Branch provides technical assistance and education throughout the state to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on such topics as sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Services Branch provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs, and appeals.

Policy

The enacted budget includes additional General Fund dollars in the amount of \$110,000 in fiscal years 1997 and 1998 for two staff positions and liability insurance. Additional federal funds in the amount of \$60,700 are provided in fiscal years 1997 and 1998 for administrative hearings.

GOVERNMENT OPERATIONS
Commission on Women

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	170,200	210,600	208,600	174,700	174,200
Restricted Agency Funds					
Balance Forward	13,500	13,500	6,800	13,500	6,800
TOTAL FUNDS	<u>183,700</u>	<u>224,100</u>	<u>215,400</u>	<u>188,200</u>	<u>181,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	131,800	165,500	173,600	135,800	142,400
Operating Expenses	38,400	43,800	41,800	37,600	38,600
Capital Outlay		8,000		8,000	
TOTAL EXPENDITURES	<u>170,200</u>	<u>217,300</u>	<u>215,400</u>	<u>181,400</u>	<u>181,000</u>

The Commission on Women serves in an advisory capacity to state agencies, the Governor, the Legislature, and the private sector. It supports research on issues of interest to women, such as health care, spouse abuse, employment, and economic issues as well as sends mailings and newsletters to various organizations to promote women's interests.

Policy

The enacted budget includes \$8,000 in fiscal year 1997 for the replacement of the Commission's copier.

GOVERNMENT OPERATIONS
Kentucky Retirement Systems

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
Restricted Agency Funds					
Non-Revenue Receipts	10,442,600	11,746,800	11,999,000	11,523,000	11,564,900
EXPENDITURES BY CLASS					
Personnel Costs	9,015,700	9,662,500	10,424,900	9,484,200	10,049,300
Operating Expenses	1,223,900	1,317,300	1,280,600	1,317,300	1,280,600
Capital Outlay	203,000	767,000	293,500	721,500	235,000
TOTAL EXPENDITURES	10,442,600	11,746,800	11,999,000	11,523,000	11,564,900

The Kentucky Retirement Systems, which includes the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System is administered by a nine member Board of Trustees composed of the Secretary of Personnel, five trustees elected by the members of the three Retirement Systems, and three trustees appointed by the Governor of the Commonwealth.

Established by the 1956 General Assembly, the Kentucky Employees Retirement System (KERS) provides retirement benefits for officers and employees of the various departments and agencies of state government.

The County Employees Retirement System (CERS), established by the 1958 General Assembly, provides retirement benefits for elected officials of county fiscal courts and other employees of county government.

The State Police Retirement System (SPRS), created by the 1958 General Assembly, provides retirement benefits for all full-time officers of the Kentucky State Police who are appointed pursuant to KRS 16.050.

Policy

Additional restricted funds of \$663,300 in fiscal year 1997 and \$324,600 in fiscal year 1998 are provided for the upgrade of the Systems' IBM AS/400 computer and installation of a document imaging system.

GOVERNMENT OPERATIONS
Registry of Election Finance

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,297,800	1,331,400	1,528,800	1,285,600	1,331,300
Mandated Allotments	2,400,000				
Total General Fund	<u>3,697,800</u>	<u>1,331,400</u>	<u>1,528,800</u>	<u>1,285,600</u>	<u>1,331,300</u>
Restricted Agency Funds					
Balance Forward	202,400	41,800	67,800	244,200	270,200
Current Receipts	118,300	26,000	68,100	26,000	68,100
Total Restricted Agency Funds	<u>320,700</u>	<u>67,800</u>	<u>135,900</u>	<u>270,200</u>	<u>338,300</u>
TOTAL FUNDS	<u>4,018,500</u>	<u>1,399,200</u>	<u>1,664,700</u>	<u>1,555,800</u>	<u>1,669,600</u>
EXPENDITURES BY CLASS					
Personnel Costs	841,600	875,200	907,600	961,500	1,000,900
Operating Expenses	2,912,700	436,200	451,200	304,100	310,400
Capital Outlay	20,000	20,000	170,000	20,000	20,000
TOTAL EXPENDITURES	<u>3,774,300</u>	<u>1,331,400</u>	<u>1,528,800</u>	<u>1,285,600</u>	<u>1,331,300</u>
EXPENDITURES BY UNIT					
General Administration and Support	1,297,800	1,331,400	1,528,800	1,285,600	1,331,300
Election Campaign Fund	2,476,500				
TOTAL EXPENDITURES	<u>3,774,300</u>	<u>1,331,400</u>	<u>1,528,800</u>	<u>1,285,600</u>	<u>1,331,300</u>

The primary role of the Registry of Election Finance is to assure the citizens of the Commonwealth of the integrity of the electoral process by making certain there is full public access to campaign financial data and financial disclosure reports and by administering the statutes pertaining to political campaigns and election financing. The Registry consists of two programs: General Administration and Support and the Election Campaign Fund.

The General Administration and Support program notifies all interested parties of the statutory requirements for reporting information pertinent to election campaign financing on a timely basis, and monitors this information for accuracy. Its second responsibility is to maintain an information retrieval system whereby information is made accessible to the public and publish a summary of election financial transactions.

The Election Campaign Fund program is a result of the campaign finance reform efforts in the state of Kentucky. A program of partial public financing was established through which a participating slate of candidates for Governor and Lieutenant Governor may obtain matching funds based on a threshold amount generated through qualifying contributions. The new law also requires that a slate which intends to accept public funds must agree to abide by a maximum spending limit of \$1.8 million for each election. Also, if no candidate receives 40 percent of the total votes cast in the party's primary, a runoff primary must be conducted 35 days following the date of the primary election. A portion of this fund is contributed through candidate filing fees for office.

GOVERNMENT OPERATIONS

Boards and Commissions

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	13,155,200	12,689,700	13,757,700	12,664,300	13,499,400
Current Receipts	9,302,100	11,196,000	10,405,600	10,945,500	9,990,200
Non-Revenue Receipts	83,500	209,500	88,500	209,500	88,500
TOTAL FUNDS	22,540,800	24,095,200	24,251,800	23,819,300	23,578,100
EXPENDITURES BY CLASS					
Personnel Costs	6,658,100	7,115,800	7,454,000	7,170,300	7,475,000
Operating Expenses	2,544,000	2,676,300	2,678,500	2,617,000	2,614,000
Grants, Loans or Benefits	411,800	436,100	448,000	436,100	448,000
Capital Outlay	262,600	109,300	232,300	96,500	226,500
TOTAL EXPENDITURES	9,876,500	10,337,500	10,812,800	10,319,900	10,763,500
EXPENDITURES BY UNIT					
Accountancy	484,100	499,100	510,500	491,700	502,800
Architects	149,200	155,700	156,600	155,700	156,600
Athletic Commission	63,600	61,800	62,100	61,800	62,100
Auctioneers	257,400	263,700	268,300	248,500	254,000
Barbering	173,400	194,500	192,000	200,900	201,000
Chiropractic Examiners	117,900	125,700	128,700	124,600	129,500
Dentistry	276,600	332,800	337,300	315,900	320,400
Dietitians and Nutritionists	32,700	27,100	27,100	27,100	27,100
Embalmers and Funeral	161,300	143,400	148,300	136,600	141,200
Directors					
Engineers	822,400	832,500	841,300	839,100	847,800
Geologists	68,000	68,200	68,500	68,200	68,500
Hairdressers and	578,100	636,500	662,100	714,200	740,800
Cosmetologists					
Hearing Instrument Specialists	25,300	25,400	25,500	25,400	25,500
Landscape Architects	29,900	30,900	32,000	28,300	29,300
Marriage and Family Therapists	30,000	47,300	38,800	37,300	39,500
Medical Licensure	1,280,800	1,375,500	1,654,100	1,381,000	1,659,200
Nursing	1,884,400	2,036,800	2,099,300	1,989,800	1,997,900
Nursing Home Administrators	50,400	50,500	50,700	50,500	50,700
Occupational Therapy	25,000	25,100	25,300	25,100	25,300
Ophthalmic Dispensers	20,600	20,700	20,800	20,700	20,800
Optometric Examiners	105,300	99,000	102,000	98,100	101,100
Pharmacy	542,500	584,300	594,900	558,000	572,300
Physical Therapy	150,800	156,200	160,700	158,500	163,200
Podiatry	9,300	9,300	9,300	9,300	9,300
Psychology	141,600	142,100	142,400	142,100	142,400
Real Estate Appraisers	293,300	297,100	306,300	302,600	312,100
Real Estate Commission	1,816,700	1,822,500	1,872,500	1,835,100	1,887,700

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
Respiratory Care	66,200	66,600	67,200	66,600	67,200
Social Workers	101,000	96,200	96,600	96,200	96,600
Speech Pathologists	44,000	44,100	44,400	44,100	44,400
Veterinary Examiners	74,700	66,900	67,200	66,900	67,200
TOTAL EXPENDITURES	9,876,500	10,337,500	10,812,800	10,319,900	10,763,500

The 32 Occupational and Professional Licensing and Regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

The general objectives of the Boards and Commissions are: to examine and license all qualified applicants; to enforce the professional standards and regulations of the Boards as well as the statutes against unethical or illegal practices; to ensure compliance with licensure requirements; and to administer the programs of the Boards in an efficient manner. The Boards will operate solely from agency receipts to fulfill these objectives.

Two new Boards were established during the 1996 General Assembly: the Board of Certification of Alcohol and Drug Counselors and the Board of Certification for Professional Counselors.

Policy

The Board of Art Therapy was created by passage of House Bill 922 during the 1994 Regular Session. Due to the lack of receipts the Board does not have a budget and will rely on appropriation increases to operate for the biennium.

Additional funds are included for the following Boards:

Accountancy - \$5,000 in fiscal year 1997 for a stand alone computer.

Architects - \$3,800 in fiscal year 1998 for purchase of a new computer and printer.

Barbering - \$8,000 in fiscal year 1997 for a new computer system.

Dentistry - A total of \$30,000 in fiscal year 1997: \$20,000 for a personal service contract to hire an investigator, \$5,000 for computer software and training, and \$5,000 for new office furniture. A total of \$25,000 in fiscal year 1998, \$20,000 for a personal service contract to hire an investigator and \$5,000 for new office furniture.

Hairdressers and Cosmetologists - \$9,300 in fiscal years 1997 and 1998 for new furniture.

Medical Licensure - \$5,700 in fiscal year 1997 for audit services, \$188,400 in fiscal year 1998 to purchase a new computer system and conversion of files.

Nursing - Total funding for fiscal year 1997 is \$138,600 and \$70,700 for fiscal year 1998. Detailed expenditures include \$79,500 in fiscal year 1997 and \$19,500 for fiscal year 1998 to upgrade computer/software; \$30,900 in fiscal year 1997 and \$25,000 in fiscal year 1998 to increase office space; \$19,200 in fiscal years 1997 and 1998 for additional legal services and related travel; \$3,000 in fiscal years 1997 and 1998 for teleconferencing; \$6,000 in fiscal year 1997 and \$4,000 in fiscal year 1998 to establish and maintain an orientation/education program for new nurse administrators.

Ophthalmic Dispensers - The Board transferred administrative functions in fiscal year 1996 to the Division of Occupations and Professions, Finance and Administration Cabinet.

Pharmacy - \$16,100 in fiscal year 1997 and \$3,800 in fiscal year 1998 to purchase computers for off-site inspectors, \$2,500 in fiscal year 1997 to replace a facsimile machine, and \$5,000 in fiscal year 1998 to replace LAN computer server.

Real Estate Commission - \$8,000 in fiscal year 1997 and \$4,000 in fiscal year 1998 to replace computers and printers; \$2,000 in fiscal year 1997 and \$4,000 in fiscal year 1998 to replace furniture.

GOVERNMENT OPERATIONS
Governmental Services Center

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	231,500	62,300	52,700	62,300	52,700
Non-Revenue Receipts	981,800	1,200,000	1,200,000	1,200,000	1,200,000
TOTAL FUNDS	1,213,300	1,262,300	1,252,700	1,262,300	1,252,700
EXPENDITURES BY CLASS					
Personnel Costs	903,500	954,600	999,900	954,600	999,900
Operating Expenses	227,100	234,600	232,400	234,600	232,400
Capital Outlay	20,400	20,400	20,400	20,400	20,400
TOTAL EXPENDITURES	1,151,000	1,209,600	1,252,700	1,209,600	1,252,700

NOTE: Fiscal Year 1996 agency fund expenditures are less than currently appropriated amounts.

The Governmental Services Center, established by KRS 164.357, is responsible for the development, coordinating, content, approval, and implementation of all training, employee development, and related programs for state government.

The Office designs and implements career development programs for state government's managerial, professional, technical, and clerical employees and provides jobrelated training in management, data processing, technical, and clerical subjects.

Executive Order 93-1143 created a Privatization Commission and attached it to the Governmental Services Center. This Commission was created to review all state services for a possible return to the private sector if it is determined the services could be improved and the associated costs reduced by such a move.

GOVERNMENT OPERATIONS
Capital Plaza Authority

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	59,000	59,000	59,000	59,000	59,000
Restricted Agency Funds					
Balance Forward	256,200	192,000	109,000	192,000	109,000
Current Receipts	564,800	564,800	564,800	564,800	564,800
Total Restricted Agency Funds	821,000	756,800	673,800	756,800	673,800
TOTAL FUNDS	880,000	815,800	732,800	815,800	732,800
EXPENDITURES BY CLASS					
Personnel Costs	431,800	450,500	469,400	450,500	469,400
Operating Expenses	136,200	136,300	136,400	136,300	136,400
Capital Outlay	120,000	120,000	120,000	120,000	120,000
TOTAL EXPENDITURES	688,000	706,800	725,800	706,800	725,800

The Capital Plaza Authority is a public corporation created by the 1966 General Assembly for the purpose of operating the Capital Plaza Complex. The Authority is composed of seven members: the Governor, the Secretary of the Finance and Administration Cabinet, the Secretary of the Economic Development Cabinet, the President of Kentucky State University, the Attorney General, a member appointed by the Franklin County Judge/Executive, and a member appointed by the Mayor of the City of Frankfort. The Capital Plaza itself contains a 24-story state office building, providing approximately 246,000 square feet of office space, a civic center, an area designed for commercial shops, and covered, as well as surface parking facilities. The goal of the Authority is to manage and effectively operate all phases of the Capital Plaza Complex.

GOVERNMENT OPERATIONS
Executive Branch Ethics Commission

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	207,100	323,400	334,100	247,500	258,300
EXPENDITURES BY CLASS					
Personnel Costs	180,600	279,100	291,400	207,500	215,600
Operating Expenses	26,500	40,000	42,700	40,000	42,700
Capital Outlay		4,300			
TOTAL EXPENDITURES	207,100	323,400	334,100	247,500	258,300

The Executive Branch Ethics Commission, established by Senate Bill 63 and operating under KRS 11A, is responsible for reviewing the personal financial status of the constitutional officers and major management personnel in state government to prevent conflicts of interest in state government. The Commission will also investigate any alleged violation of KRS 11A.

GOVERNMENT OPERATIONS
Appropriations Not Otherwise Classified

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,380,500	3,645,500	3,846,500	3,645,500	3,846,500
Mandated Allotments	242,000				
TOTAL FUNDS	<u>3,622,500</u>	<u>3,645,500</u>	<u>3,846,500</u>	<u>3,645,500</u>	<u>3,846,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,125,000	2,148,000	2,349,000	2,148,000	2,349,000
Operating Expenses	1,495,000	1,495,000	1,495,000	1,495,000	1,495,000
Grants, Loans or Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	<u>3,622,500</u>	<u>3,645,500</u>	<u>3,846,500</u>	<u>3,645,500</u>	<u>3,846,500</u>
EXPENDITURES BY UNIT					
Guardian Ad Litem	1,450,000	1,500,000	1,500,000	1,500,000	1,500,000
Prior Year Claims	400,000	400,000	400,000	400,000	400,000
Board of Claims Award	300,000	300,000	300,000	300,000	300,000
Police and Firemen Life Insurance	300,000	300,000	300,000	300,000	300,000
Unredeemed Checks Refunded	300,000	300,000	300,000	300,000	300,000
Master Commissioner	200,000	220,000	240,000	220,000	240,000
Retirement					
Workers' Compensation	225,000	225,000	225,000	225,000	225,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Master Commissioner Social Security	190,000	143,000	149,000	143,000	149,000
Involuntary Commitments					
ICF/MR	60,000	60,000	60,000	60,000	60,000
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Blanket Employee Bonds			175,000		175,000
TOTAL EXPENDITURES	<u>3,622,500</u>	<u>3,645,500</u>	<u>3,846,500</u>	<u>3,645,500</u>	<u>3,846,500</u>

Appropriations Not Otherwise Classified (ANOC) is a grouping of appropriations not related to particular programs; however, each item within this category has been given program status so that expenditures can be budgeted and accounted for separately. It includes such items as court judgments assessed against the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditures over the above amounts that are required to pay the costs of items included within this classification are to be paid from the General Fund Surplus account as a Necessary Government Expense.

Although separate budget presentations are included elsewhere for the Judiciary and the Unified Prosecutorial System, the ANOC category will still include the employer's share of social security, retirement and workers' compensation costs for master commissioners and workers' compensation costs for county court clerks, sheriffs, and jailers in counties having a population of 75,000 or more.

GOVERNMENT OPERATIONS
Appropriations Not Otherwise Classified - Judgments

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,000,000	36,000,000	24,000,000	33,471,000	5,000,000
Mandated Allotments	49,993,000				
TOTAL FUNDS	<u>51,993,000</u>	<u>36,000,000</u>	<u>24,000,000</u>	<u>33,471,000</u>	<u>5,000,000</u>
EXPENDITURES BY CLASS					
Operating Expenses	51,993,000	36,000,000	24,000,000	33,471,000	5,000,000
EXPENDITURES BY UNIT					
Federal Pension Tax Refunds	344,000				
Peabody Coal Tax Refunds	5,776,000				
ARMCO Tax Refunds	8,604,000	3,000,000			
GTE-Unitary Tax Refunds	21,648,000	17,000,000		14,000,000	
Other Tax Cases	2,213,000	12,000,000	20,000,000	7,000,000	
Judgments	13,408,000	4,000,000	4,000,000	12,471,000	5,000,000
TOTAL EXPENDITURES	<u>51,993,000</u>	<u>36,000,000</u>	<u>24,000,000</u>	<u>33,471,000</u>	<u>5,000,000</u>

The enacted fiscal year 1997 appropriation includes individual contingent liabilities and judgments identified by the Office of the Controller in the Finance and Administration Cabinet. In addition, there is also a \$5 million annual judgment appropriation in each fiscal year. Any additional judgments or contingent liabilities for fiscal year 1998, beyond the \$5 million annual amount recommended, will be accommodated through the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund, if necessary.

GOVERNMENT OPERATIONS
Kentucky Veterans Center

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,281,200	6,400,000	6,400,000	5,834,800	6,170,000
Restricted Agency Funds					
Balance Forward	1,966,800	3,210,400	1,907,800	3,210,400	1,907,800
Current Receipts	8,276,600	8,245,400	8,332,300	8,245,400	8,332,300
Total Restricted Agency Funds	<u>10,243,400</u>	<u>11,455,800</u>	<u>10,240,100</u>	<u>11,455,800</u>	<u>10,240,100</u>
TOTAL FUNDS	<u>17,524,600</u>	<u>17,855,800</u>	<u>16,640,100</u>	<u>17,290,600</u>	<u>16,410,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	11,059,400	12,234,800	12,824,300	12,034,800	12,624,300
Operating Expenses	2,753,000	2,821,000	2,866,000	2,821,000	2,866,000
Debt Service	226,000	227,000	227,000	227,000	227,000
Capital Outlay	275,800	665,200	330,000	300,000	300,000
TOTAL EXPENDITURES	<u>14,314,200</u>	<u>15,948,000</u>	<u>16,247,300</u>	<u>15,382,800</u>	<u>16,017,300</u>

The Kentucky Veterans' Center, located at Wilmore in Jessamine County, is a 300-bed long-term care facility specifically for Kentucky's elderly veteran population. There is an in-house pharmacy, physical therapy department, barber shop, gift shop, library, and an employee child care facility. The facility officially opened in July 1991 and began accepting residents soon after. As of September 1995, the facility is at full operating capacity (290 residents).

The enacted funding mix on a percentage basis is approximately as follows:

State General Funds	38 percent
Payments from Residents	27 percent
Federal Reimbursement	26 percent
Agency Fund Spendown	8 percent
All Other	1 percent
	<u>100 percent</u>

GOVERNMENT OPERATIONS
Budget Reserve Trust Fund

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Special Appropriation	100,000,000				
Continuing Appropriation	100,000,000	200,000,000	200,000,000	200,000,000	200,000,000
TOTAL FUNDS	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

The Budget Reserve Trust Fund has a General Fund appropriation of \$200,000,000 in fiscal year 1996, 1997, and 1998. These funds are appropriated and available in the event that actual General Fund revenue receipts during fiscal year 1996 and/or the upcoming biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget.

In the event that these appropriations are not required, i.e., that revenue receipts meet or exceed the revenue estimates for the current fiscal year, this means that \$200,000,000 would be available in the Fund at June 30, 1996 and carried forward into the 1996-98 biennium.

Two hundred million dollars (\$200,000,000) is about 3.8 percent of estimated revenue receipts in fiscal year 1996.

ECONOMIC DEVELOPMENT

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	63,482,100	70,226,000	70,230,000	64,063,800	64,400,100
Surplus Plan	478,000				
Special Appropriation	2,385,000				
Continuing Appropriation	8,617,900	6,567,700	3,567,700	6,567,700	3,567,700
Total General Fund	<u>74,963,000</u>	<u>76,793,700</u>	<u>73,797,700</u>	<u>70,631,500</u>	<u>67,967,800</u>
Restricted Agency Funds					
Balance Forward	1,760,000	968,100	576,100	968,100	576,100
Current Receipts	926,500	996,400	989,000	926,500	926,500
Non-Revenue Receipts	940,000	733,500	590,500	1,099,500	989,000
Total Restricted Agency Funds	<u>3,626,500</u>	<u>2,698,000</u>	<u>2,155,600</u>	<u>2,994,100</u>	<u>2,491,600</u>
Federal Funds					
Balance Forward	21,900	21,900	11,900	21,900	11,900
Current Receipts	558,000	558,000	308,000	558,000	308,000
Non-Revenue Receipts	500,000	500,000		500,000	
Total Federal Funds	<u>1,079,900</u>	<u>1,079,900</u>	<u>319,900</u>	<u>1,079,900</u>	<u>319,900</u>
TOTAL FUNDS	<u>79,669,400</u>	<u>80,571,600</u>	<u>76,273,200</u>	<u>74,705,500</u>	<u>70,779,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	7,842,300	9,400,800	9,807,300	7,826,800	8,067,200
Operating Expenses	1,793,500	2,213,100	2,275,000	1,795,100	1,742,900
Grants, Loans or Benefits	8,720,900	9,843,500	9,639,800	9,253,600	9,050,900
Debt Service	53,688,000	54,727,000	54,396,000	51,580,500	51,815,000
Capital Outlay	67,000	222,500	96,500	93,800	63,000
TOTAL EXPENDITURES	<u>72,111,700</u>	<u>76,406,900</u>	<u>76,214,600</u>	<u>70,549,800</u>	<u>70,739,000</u>
EXPENDITURES BY UNIT					
Secretary	1,694,600	1,939,100	1,938,000	2,041,000	2,057,200
Administration	1,831,100	2,032,500	2,082,900	1,986,500	2,037,900
Job Development	1,890,000	2,086,400	2,134,700	2,015,400	2,051,000
Financial Incentives	7,581,000	9,284,700	9,898,000	8,481,400	9,016,300
Debt Service	53,688,000	54,727,000	54,396,000	51,580,500	51,815,000
Community Development	5,427,000	6,337,200	5,765,000	4,445,000	3,761,600
TOTAL EXPENDITURES	<u>72,111,700</u>	<u>76,406,900</u>	<u>76,214,600</u>	<u>70,549,800</u>	<u>70,739,000</u>

The structure of the Cabinet for Economic Development is consistent with House Bill 89, KRS 154, as enacted by the 1992 General Assembly.

The governing body of the Cabinet, the Kentucky Economic Development Partnership, consists of 11 voting members and one nonvoting member. The 11 voting members are the Governor, who shall be chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Natural Resources and Environmental Protection Cabinet, and eight private sector members representing all facets of the economic development community, who are appointed by the Governor. The Secretary of the Cabinet for Economic Development, nominated and appointed by the Governor, serves as a nonvoting member.

The Mission Statement and the Goals for the Commonwealth's economic development programs as defined by the Partnership's Statewide Strategic Plan for Economic Development are as follows:

To Create More and Higher Quality Opportunities for all Kentuckians by Building an Expanding Sustainable Economy

The five goals are:

- 1) Build and maintain consensus to implement the mission The economic development strategic plan must be accepted and internalized by all segments of the Commonwealth to succeed.
- 2) Reduce unemployment and increase per capita income Economic development should emphasize the welfare of all the citizens of the Commonwealth, and an important part of the welfare is a good job and the ability to support one's family.
- 3) Create a globally competitive business environment Kentucky must be an active participant in the developing world economy.
- 4) Manage resources to maximize return on investment Investments in economic development must be made in the most efficient and effective manner possible for the plan to have an impact.
- 5) Manage Kentucky's natural resources and cultural assets to ensure long-term productivity and quality of life Economic development extends to all segments of the economy, including agriculture, tourism, and natural resource based industries.

The primary functions of the Cabinet shall be organized into five major areas: Office of the Secretary, Job Development, Financial Incentives, Administrative and Support Services, and Community Development.

ECONOMIC DEVELOPMENT
Secretary

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,110,600	1,939,100	1,938,000	1,691,000	1,707,200
Reorganization Adjustment	-416,000				
Total General Fund	<u>1,694,600</u>	<u>1,939,100</u>	<u>1,938,000</u>	<u>1,691,000</u>	<u>1,707,200</u>
Restricted Agency Funds					
Non-Revenue Receipts				350,000	350,000
TOTAL FUNDS	<u>1,694,600</u>	<u>1,939,100</u>	<u>1,938,000</u>	<u>2,041,000</u>	<u>2,057,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	985,900	1,170,300	1,203,700	993,400	1,022,900
Operating Expenses	230,700	280,800	281,300	230,800	231,300
Grants, Loans or Benefits	475,000	450,000	450,000	800,000	800,000
Capital Outlay	3,000	38,000	3,000	16,800	3,000
TOTAL EXPENDITURES	<u>1,694,600</u>	<u>1,939,100</u>	<u>1,938,000</u>	<u>2,041,000</u>	<u>2,057,200</u>

The Secretary's Office provides the central coordination and administrative direction for planning and management of the programs and entities within the Cabinet. The Office is responsible for developing plans to assure orderly growth and improved management, to recommend executive actions and legislative measures, and to evaluate budget requests. Funding for the Cabinet's advertising and marketing program is included in this program area.

The East Kentucky Corporation will receive \$250,000 in continuation General Fund state financial assistance each year of the biennium. The West Kentucky Corporation will receive \$200,000 in continuation General Fund state financial assistance each year of the biennium.

It is anticipated that no additional funding will be needed for the General Tire Interest Rate Guarantee program. It is understood that the Commonwealth does have an obligation to General Tire (\$384,600) and if the LIBOR Interest Rate exceeds 7.70 percent then the Commonwealth would be obligated to reimburse General Tire for the appropriate amount from the General Fund Surplus.

Policy

The non-revenue agency fund receipts above originate from the statutory (KRS 42.4586) allocation to the Wood Products Competitiveness Corporation. This statute notwithstanding, \$200,000 in each year of the biennium is allocated from this source to the East Kentucky Corporation and \$150,000 in each year of the biennium is allocated from this source to the West Kentucky Corporation. These amounts are in addition to the continuation amounts (\$250,000 and \$200,000 respectively).

ECONOMIC DEVELOPMENT
Administration

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,597,000	1,771,800	1,808,900	1,725,800	1,763,900
Restricted Agency Funds					
Balance Forward	119,300	101,700	57,500	101,700	57,500
Current Receipts	216,500	216,500	216,500	216,500	216,500
Total Restricted Agency Funds	<u>335,800</u>	<u>318,200</u>	<u>274,000</u>	<u>318,200</u>	<u>274,000</u>
TOTAL FUNDS	<u>1,932,800</u>	<u>2,090,000</u>	<u>2,082,900</u>	<u>2,044,000</u>	<u>2,037,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,221,100	1,378,600	1,445,300	1,343,600	1,408,200
Operating Expenses	575,000	606,900	594,600	599,900	586,700
Grants, Loans or Benefits	25,000	25,000	25,000	25,000	25,000
Capital Outlay	10,000	22,000	18,000	18,000	18,000
TOTAL EXPENDITURES	<u>1,831,100</u>	<u>2,032,500</u>	<u>2,082,900</u>	<u>1,986,500</u>	<u>2,037,900</u>

Note: The agency fund expenditures in fiscal year 1996 are less than currently appropriated amounts due to a reduction in the map sales program.

The Department of Administration is comprised of two divisions: Administrative Services and Research and Planning. The management of the Cabinet's information resources and office automation system is performed by the Information Resources section, which is attached to the Commissioner's Office.

The Administrative Services Division provides financial data and personnel management, and maintains adequate records for the Cabinet's activities. Budget preparation and management is also a role of the Division.

The Department provides support services to all other departmental units, including all purchasing controls, property management, accounting and budgetary functions, as well as all personnel functions including oversight of training and counseling. The Administrative Services Division is served by two branches: Fiscal Management and Personnel and Payroll.

The Division of Research and Planning provides analytical services and economic and community data to support economic development activities in Kentucky.

The Division provides services through the General Research Branch, the Community Publications Branch, the Economic Resources Library, and the Maps and Publications Sales Office.

The General Research branch compiles data and publishes manufacturer and international trade directories, and special subject booklets on exporting and economic statistics. Other printed materials include informational handouts on subjects relating to economic development, including business incentives, financing, taxes, manpower and training, and transportation. Original research is also conducted in response to specific requests from within the Cabinet, as well as from industrial prospects, existing businesses, local development groups, and local government officials. These research projects include special tax computations and comparisons, economic impact studies, and detailed economic and community data.

The Community Publications Branch compiles and publishes community resource data for approximately 200 communities in the state. The "Resources for Economic Development" booklets are prepared for communities with available industrial sites, as determined by the Site Evaluation Division, Department of Job Development. These booklets are used by Cabinet personnel, other state agencies, businesses, and the public.

The Maps and Publications Office, located at 133 Holmes Street, is a sales outlet for U. S. and Kentucky Geological Survey maps and publications, and department publications.

ECONOMIC DEVELOPMENT
Job Development

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,890,000	2,086,400	2,134,700	2,015,400	2,051,000
EXPENDITURES BY CLASS					
Personnel Costs	1,551,700	1,692,300	1,744,900	1,671,300	1,711,200
Operating Expenses	327,900	378,600	379,300	328,600	329,300
Capital Outlay	10,400	15,500	10,500	15,500	10,500
TOTAL EXPENDITURES	1,890,000	2,086,400	2,134,700	2,015,400	2,051,000

The Department for Job Development is responsible for coordinating the recruitment of new industries and businesses to Kentucky. This task includes but is not limited to: compiling research data for prospective sites; targeting and contacting specific industries and businesses outside of Kentucky; meeting and corresponding with business representatives; and, coordinating site location referrals and visits. This process also involves coordinating the exchange of information for specific areas such as financing, training, and regulatory requirements with Cabinet officials, program personnel and local representatives.

A Site Evaluation Division compiles statistical information and other relevant materials such as site maps and listings of available buildings and possible sites for new construction. A Division of Industrial Development contacts and communicates with industrial prospects, both foreign and domestic. Existing contractual offices/agents are located in Japan and Brussels to assist in this endeavor.

ECONOMIC DEVELOPMENT
Financial Incentives

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,001,700	4,675,000	4,701,900	3,837,100	3,788,700
Continuing Appropriation	8,617,900	6,567,700	3,567,700	6,567,700	3,567,700
Total General Fund	<u>12,619,600</u>	<u>11,242,700</u>	<u>8,269,600</u>	<u>10,404,800</u>	<u>7,356,400</u>
Restricted Agency Funds					
Balance Forward	1,262,800	833,700	493,900	833,700	493,900
Current Receipts	700,000	769,900	762,500	700,000	700,000
Non-Revenue Receipts	400,000	500,000	400,000	604,500	494,000
Total Restricted Agency Funds	<u>2,362,800</u>	<u>2,103,600</u>	<u>1,656,400</u>	<u>2,138,200</u>	<u>1,687,900</u>
TOTAL FUNDS	<u>14,982,400</u>	<u>13,346,300</u>	<u>9,926,000</u>	<u>12,543,000</u>	<u>9,044,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,770,100	1,949,800	1,994,800	1,791,400	1,833,500
Operating Expenses	137,900	158,100	161,500	156,900	156,400
Grants, Loans or Benefits	5,650,000	7,150,000	7,717,700	6,505,600	7,007,900
Capital Outlay	23,000	26,800	24,000	27,500	18,500
TOTAL EXPENDITURES	<u>7,581,000</u>	<u>9,284,700</u>	<u>9,898,000</u>	<u>8,481,400</u>	<u>9,016,300</u>
EXPENDITURES BY UNIT					
Commissioner	1,802,800	1,883,700	1,908,400	2,081,400	2,048,600
Bluegrass State Skills	5,778,200	7,401,000	7,989,600	6,400,000	6,967,700
TOTAL EXPENDITURES	<u>7,581,000</u>	<u>9,284,700</u>	<u>9,898,000</u>	<u>8,481,400</u>	<u>9,016,300</u>

The Department of Financial Incentives coordinates all financial and tax credits made available on behalf of business and industry. The Department is charged with the development of new initiatives, as well as streamlining and coordinating existing programs, to see that a balanced, efficient use of state dollars and credits are made available for job creation and preservation.

The primary purpose of this Department is to structure financial incentive packages which are most beneficial to either an existing or new business or industry, while maximizing the use of state programs. Working in concert to accomplish this mission will be the Grants Program Division, Tax Incentive Programs Division, Direct Loan Programs Division, Program Servicing Division, and the Bluegrass State Skills Corporation. Furthermore, the Kentucky Economic Development Finance Authority (KEDFA) through this Department, encourages economic development, business expansion, and job creation by providing financial support for business and industry through an array of financial assistance and tax credit programs.

In accordance with enabling legislation of the 1992 Kentucky General Assembly, the requirements, policies, and intent of each of the following shall be responsibilities of KEDFA:

- a) The Kentucky Job Development Act (KRS 154.24-010),
- b) The Kentucky Industrial Revitalization Act (KRS 154.26),

- c) The Kentucky Rural Economic Development Act (KRS 154.22),
- d) The Kentucky Industrial Development Act (KRS 154.28),
- e) The Local Government Economic Development Programs (KRS 42.4582-42.4595),
- f) The Commonwealth Venture Capital Fund (KRS 155.43),
- g) The Enterprise Zone Program (KRS 154.675).

The Bluegrass State Skills Corporation (BSSC) was established in 1984 by the General Assembly of the Commonwealth of Kentucky as an independent, de jure corporation to stimulate economic development through programs of skills training to meet the needs of business and industry. The BSSC works with business and industry and the state's educational institutions to establish programs of skills training. The BSSC is under the Cabinet for Economic Development, Department of Financial Incentives in recognition of the relationship between economic development and the need to address the skills training efforts of Kentucky's new, expanding, and existing industries. The current statutory authority for the BSSC is found in KRS 154.12-204 through 154.12-208.

Policy

Included in the above agency fund amount is \$69,900 in fiscal year 1997 and \$62,500 in fiscal year 1998 for two additional staff and associated operating costs as a result of increased activity and demand for the incentive and tax credit programs administered by the Department.

Additional General Funds in the amount of \$200,000 each year of the 1996-98 biennium are provided for the Louisville Waterfront Development Project Maintenance Pool.

**ECONOMIC DEVELOPMENT
Debt Service**

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	50,835,000	54,727,000	54,396,000	51,580,500	51,815,000
Surplus Plan	478,000				
Special Appropriation	2,375,000				
TOTAL FUNDS	53,688,000	54,727,000	54,396,000	51,580,500	51,815,000
EXPENDITURES BY CLASS					
Debt Service	53,688,000	54,727,000	54,396,000	51,580,500	51,815,000

The purpose of the Economic Development Bond program (KRS 154.12-100) is to utilize bond proceeds to leverage private investment to promote the overall economic development of the Commonwealth. This includes, but is not limited to, the development of public projects such as industrial parks, riverports, and tourism facilities.

Unexpended authorization may carry forward to succeeding fiscal years if sufficient debt service is appropriated, according to Attorney General Opinion 81-242.

Policy

Additional debt service in the amount of \$583,000 in fiscal year 1998 has been provided to support new economic development bonds totaling \$6 million. The additional bond pool amount is authorized in fiscal year 1997 but no debt service support is authorized until fiscal year 1998. The reauthorized Economic Development Bond Pool is \$26,094,000.

ECONOMIC DEVELOPMENT
Community Development

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,047,800	5,026,700	5,250,500	3,214,000	3,274,300
Special Appropriation	10,000				
Reorganization Adjustment	416,000				
Total General Fund	3,473,800	5,026,700	5,250,500	3,214,000	3,274,300
Restricted Agency Funds					
Balance Forward	377,900	32,700	24,700	32,700	24,700
Current Receipts	10,000	10,000	10,000	10,000	10,000
Non-Revenue Receipts	540,000	233,500	190,500	145,000	145,000
Total Restricted Agency Funds	927,900	276,200	225,200	187,700	179,700
Federal Funds					
Balance Forward	21,900	21,900	11,900	21,900	11,900
Current Receipts	558,000	558,000	308,000	558,000	308,000
Non-Revenue Receipts	500,000	500,000		500,000	
Total Federal Funds	1,079,900	1,079,900	319,900	1,079,900	319,900
TOTAL FUNDS	5,481,600	6,382,800	5,795,600	4,481,600	3,773,900
EXPENDITURES BY CLASS					
Personnel Costs	2,313,500	3,209,800	3,418,600	2,027,100	2,091,400
Operating Expenses	522,000	788,700	858,300	478,900	439,200
Grants, Loans or Benefits	2,570,900	2,218,500	1,447,100	1,923,000	1,218,000
Capital Outlay	20,600	120,200	41,000	16,000	13,000
TOTAL EXPENDITURES	5,427,000	6,337,200	5,765,000	4,445,000	3,761,600
EXPENDITURES BY UNIT					
Regional Offices	989,000	1,040,700	1,083,600	965,000	1,004,100
Commissioner	714,700	2,046,400	1,934,400	708,400	446,000
Business and Entrepreneurship	2,341,000	2,878,600	2,361,700	2,400,100	1,926,200
Small and Minority Business	367,000	371,500	385,300	371,500	385,300
State Planning Fund Grant	32,700				
Coal Marketing	982,600				
TOTAL EXPENDITURES	5,427,000	6,337,200	5,765,000	4,445,000	3,761,600

Note: \$30,000 State Planning Fund Grant in the Division of Business and Entrepreneurship in fiscal year 1996 is shown on the State Planning Fund budget document page.

Agency funds appropriated in House Bill 379 do not match this display because legislation to increase general business license fees did not pass (difference equals \$88,500 in fiscal year 1997 and \$45,500 in fiscal year 1998).

The Department of Community Development is responsible for nurturing Kentucky's existing resources, including but not limited to: interested citizens, local organizations, industries and businesses.

The Department for Community Development includes: the Small and Minority Business Development Division; the Division of Business and Entrepreneurship with the Procurement Assistance Program, Business Information Clearinghouse, Business and Technology Program; and, the Regional Offices- Eastern, Western, and Central.

The Regional Offices offer greater accessibility to state government resources and information. Regional staff travel and meet with business representatives, interested citizens, and local groups in all regions of the state. The primary mission for the Regional Offices is to assist in building viable local or regional economic development organizations. A major effort will be made to concentrate on communities and regions which have high unemployment and/or lack the infrastructure to maintain existing business or compete for new industrial projects. The staff seeks out or responds to interested citizens or community groups, provides information on government programs and contacts, coordinates and participates in community meetings for planning purposes, and serves as an advocate for their region for the location of new industry.

To equitably serve Kentucky, the Small and Minority Business Division provides consistent delivery of technical assistance services. A small business is classified as such in Kentucky if there are less than 100 employees per employer. More than 95 percent of Kentucky minority businesses have fewer than 100 employees. Therefore, to centralize the distribution of basic technical information, the small and minority business missions are combined. The Small Business Development Center at the University of Kentucky, will continue to receive \$50,000 each year to assist with these program activities.

The Business and Technology Program works in cooperation with other entities such as businesses, universities and other government agencies to identify, compile and coordinate the distribution of technological information. This program provides assistance to organizations and individuals interested in and directly involved with the development of scientific applications to achieve industrial and commercial objectives.

The Coal Marketing and Export Council, responsible for securing, analyzing, and distributing information to promote Kentucky's coal industry and other export related industries is transferred in accordance with both House Bill 54 and the Appropriations Bill to the Office of the Governor effective July 1, 1996.

Policy

Additional General Funds in the amount of \$25,000 in fiscal year 1996-97 is provided for the renovation and restoration of the Benham Historical Theater.

EDUCATION

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,351,787,900	2,544,060,600	2,662,984,600	2,432,298,000	2,508,829,100
Surplus Plan	13,000,000				
Total General Fund	<u>2,364,787,900</u>	<u>2,544,060,600</u>	<u>2,662,984,600</u>	<u>2,432,298,000</u>	<u>2,508,829,100</u>
Restricted Agency Funds					
Balance Forward	1,866,000	1,288,000	1,218,800	1,288,000	1,399,900
Current Receipts	3,475,400	3,500,800	3,586,800	3,520,700	3,577,000
Non-Revenue Receipts	648,000	659,000	670,000	658,000	668,000
Total Restricted Agency Funds	<u>5,989,400</u>	<u>5,447,800</u>	<u>5,475,600</u>	<u>5,466,700</u>	<u>5,644,900</u>
Federal Funds					
Balance Forward	359,600	312,200	386,000	312,200	431,400
Current Receipts	331,997,300	332,141,900	332,226,700	332,141,900	332,226,700
Non-Revenue Receipts	196,100	196,400	199,900	196,400	199,900
Revenue Redistribution	7,119,300	7,126,700	7,135,000	7,126,700	7,135,000
Total Federal Funds	<u>339,672,300</u>	<u>339,777,200</u>	<u>339,947,600</u>	<u>339,777,200</u>	<u>339,993,000</u>
TOTAL FUNDS	<u>2,710,449,600</u>	<u>2,889,285,600</u>	<u>3,008,407,800</u>	<u>2,777,541,900</u>	<u>2,854,467,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	47,397,400	59,183,400	61,638,600	49,121,800	50,943,000
Operating Expenses	10,861,000	12,795,600	12,750,000	10,531,100	10,656,100
Grants, Loans or Benefits	2,649,407,700	2,813,224,400	2,929,592,500	2,715,043,400	2,789,953,800
Debt Service	735,000	810,000	1,665,000	741,000	740,000
Capital Outlay	448,300	1,511,500	1,098,300	273,300	275,800
TOTAL EXPENDITURES	<u>2,708,849,400</u>	<u>2,887,524,900</u>	<u>3,006,744,400</u>	<u>2,775,710,600</u>	<u>2,852,568,700</u>
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	1,933,302,800	2,011,356,000	2,100,568,500	1,975,213,900	2,029,385,300
Executive Policy and Management	3,525,500	5,828,100	5,860,400	4,016,100	4,085,600
Management Support Services	348,989,900	417,649,800	435,857,600	393,118,000	412,658,100
Learning Results Services	57,516,200	50,847,300	51,427,100	33,392,500	33,656,600
Learning Support Services	365,515,000	401,843,700	413,030,800	369,970,100	372,783,100
TOTAL EXPENDITURES	<u>2,708,849,400</u>	<u>2,887,524,900</u>	<u>3,006,744,400</u>	<u>2,775,710,600</u>	<u>2,852,568,700</u>

In enacting House Bill 940, the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with other existing programs. A comprehensive study of the Department and its goals and duties was undertaken and a major reorganization was effected as of July, 1991. As a consequence of House Bill 940, the Department of Education is headed by an appointed Commissioner of Education selected by the Kentucky Board of Education.

The Department of Education consists of the following major program areas: Executive Policy and Management; Management Support Services; Learning Results Services; and Learning Support Services.

NOTE: The enacted appropriation for the Support Education Excellence in Kentucky (SEEK) has been determined to be in excess of the program's funding requirements. It is estimated that a minimum of \$23 million of the General Fund appropriation for SEEK and its related components will lapse at the end of fiscal year 1995-96.

EDUCATION
Support Education Excellence in Kentucky (SEEK)

SOURCE OF FUNDS	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
General Fund					
Regular Appropriation	1,920,302,800	2,011,356,000	2,100,568,500	1,975,213,900	2,029,385,300
Surplus Plan	13,000,000				
TOTAL FUNDS	1,933,302,800	2,011,356,000	2,100,568,500	1,975,213,900	2,029,385,300
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,933,302,800	2,011,356,000	2,100,568,500	1,975,213,900	2,029,385,300
EXPENDITURES BY UNIT					
Base SEEK Funding	1,448,714,000	1,493,893,100	1,581,208,200	1,438,890,800	1,484,106,500
Pupil Transportation	140,989,100	146,628,700	150,405,300	150,000,000	155,000,000
Tier I Equalization	91,912,500	101,356,800	100,727,000	109,066,500	107,042,700
Equalized Facilities Support	24,553,600	33,332,300	31,767,600	38,532,700	36,533,300
State-Run Vocational Schools					
Reimbursement	17,050,000	17,561,500	17,576,800	17,943,900	18,795,900
Vocational Education					
Transportation	2,083,600	2,083,600	2,083,600	2,180,000	2,180,000
Local District Teacher					
Retirement Match	208,000,000	216,500,000	216,800,000	218,600,000	225,726,900
TOTAL EXPENDITURES	1,933,302,800	2,011,356,000	2,100,568,500	1,975,213,900	2,029,385,300

The 1990 General Assembly enacted House Bill 940 which created a new mechanism for providing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation Program as well as the Power Equalization program.

Under the SEEK financing program, the state sets a fixed base guarantee amount (\$2,593 in fiscal year 1996) per student in average daily attendance. The amount of revenue per pupil guaranteed by SEEK is then adjusted in each local school district to reflect a set of factors that affect the cost of providing services to pupils.

- An adjustment (currently an additional 15 percent revenue per pupil) is made to reflect the higher than average costs associated with educating at risk/economically deprived students.
- The per pupil guarantee is also increased by the cost of providing services for exceptional children, based on a series of weights designed to reflect the additional costs of providing services to different categories of pupils. The costs associated with exceptional children are based on the count of pupils with different disabilities, a state-determined exceptional pupil/teacher ratio for each disability or service, and a resulting state-determined per pupil cost.

The per pupil guarantee is also supplemented by the costs determined under the pupil transportation calculation procedures.

With regard to the equalization component of the SEEK program, every local school district is required to levy a minimum equivalent local tax effort of 30 cents per hundred dollars of assessed valuation. This tax level may be attained via local property taxes, available alternative taxes (occupational, utility, or income/excise), or any combination thereof. The yield from this tax effort serves as a deduction against the revenues guaranteed under SEEK. This results in a greater proportion of the per pupil revenues being provided by the state in those districts with lower property wealth per pupil.

Those districts which choose to impose taxes sufficient to generate revenues up to 15 percent beyond those generated under base SEEK are eligible for additional revenues from the state equal to the additional local revenue generated equalized at 150 percent of the statewide average per pupil equalized assessment. The local tax increase under this provision known as Tier I -- is not subject to voter recall. Additionally, local school districts, upon a majority vote of eligible voters, may raise up to an additional 30 percent in local revenues beyond base SEEK and Tier I to support their education program. This provision is known as Tier II. These funds are not matched by the state.

The SEEK program also includes an equalized facilities support component (Facilities Support Program of Kentucky) for the purpose of providing a supplemental funding source for each local school district to finance school building/renovation projects and/or debt service expenditures. To qualify for participation, a district must levy a minimum equivalent tax rate of five cents per hundred dollars of assessed valuation. Only revenue generated by this tax which is actually used to finance capital construction projects or debt service on bonds is equalized by the state under SEEK. Such revenue is also equalized at 150 percent of the statewide average per pupil equalized assessment.

Policy

The enacted budget includes funding to increase the basic SEEK per pupil guarantee amount from the current \$2,593 to \$2,673 {a three and one-tenth percent (3.1%) increase} in fiscal year 1996-97 and to \$2,756 {an additional three and one-tenth percent (3.1%) increase} in fiscal year 1997-98. The enacted budget is sufficient to accommodate the Department of Education's projected number of pupils in average daily attendance: 573,891 in both years of the 1996-98 biennium. Funding is included to cover the additional costs associated with educating at-risk and exceptional children. Also included is funding to provide every school district with at least the same amount of state SEEK funding per pupil in both years of the 1996-98 biennium as was received in fiscal year 1991-92 (a "hold-harmless" guarantee).

The General Assembly included language in the enacted budget (House Bill 379) stating that "total funding for base SEEK provides each local school board sufficient funds to provide, at a minimum, a \$909 salary adjustment for each certified staff in fiscal year 1996-97 and a \$1,795 salary adjustment. . . in fiscal year 1997-98. . . in addition to the base (185 day) salaries of each certified staff member for each fiscal year".

The enacted budget includes \$109,066,500 in fiscal year 1996-97 and \$107,042,700 in fiscal year 1997-98 to provide Tier I equalization funding. This funding is projected to be sufficient to equalize local revenues raised under this program at a level of up to \$365,000 of assessed valuation per student (150 percent of the projected statewide average per pupil assessment during the 1996-98 biennium). The budget incorporates the Revenue Cabinet's most recent estimate of growth in statewide assessed valuation of 3.7 percent for the first year of the upcoming biennium and 4.5 percent for the second year.

The enacted budget provides for an increase in funding for pupil transportation to \$150 million in fiscal year 1996-97 and \$155 million in fiscal year 1997-98.

The enacted budget continues the "deduct" (a factor of .3) to be applied against the \$2,673 and \$2,756 per pupil guarantee amounts each year of the 1996-98 biennium in those instances where a pupil spends a portion of the school day at a state-operated vocational center. The deduct is applied for that portion of the school day spent at the state-operated center.

The enacted budget increases state support for the Facilities Support Program of Kentucky to \$38,352,700 in fiscal year 1996-97 and to \$36,533,300 in fiscal year 1997-98. This funding level is projected to be sufficient to equalize local district revenues raised under this program at a level of up to \$365,000 of assessed valuation per student.

The enacted budget provides funding of \$17,943,900 in fiscal year 1996-97 and \$18,795,900 in fiscal year 1997-98 to reimburse state-operated vocational facilities for the costs incurred in providing course offerings to students from local school districts. Funding for vocational transportation is provided at a level of \$2,180,000 each year of the 1996-98 biennium.

Included within the totals appropriated for the SEEK program is \$218,600,000 in fiscal year 1996-97 and \$225,726,900 in fiscal year 1997-98 for the teachers' retirement employer match on behalf of local school district certified personnel.

Note: Due primarily to lower than projected average daily attendance and higher than projected assessed valuation figures (both of which decrease the amount of required state funding under the SEEK program and its various components), the enacted appropriation for the Support Education Excellence in Kentucky program for the 1995-96 fiscal year has been determined to be in excess of the program's funding requirements. A minimum of approximately \$23 million of the overall \$1,933.3 million general fund appropriation for SEEK and its related components is projected to lapse at the end of fiscal year 1995-96.

EDUCATION
Executive Policy and Management

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,609,000	4,900,900	4,922,900	3,184,300	3,242,700
Restricted Agency Funds					
Balance Forward	67,200	61,500	58,600	61,500	128,900
Current Receipts	426,500	440,000	455,000	414,900	425,200
Total Restricted Agency Funds	493,700	501,500	513,600	476,400	554,100
Federal Funds					
Current Receipts	484,300	484,300	484,300	484,300	484,300
TOTAL FUNDS	3,587,000	5,886,700	5,920,800	4,145,000	4,281,100
EXPENDITURES BY CLASS					
Personnel Costs	2,442,600	3,378,500	3,514,800	2,696,700	2,807,800
Operating Expenses	543,100	649,000	632,300	497,100	455,100
Grants, Loans or Benefits	515,800	1,713,300	1,713,300	813,300	813,300
Capital Outlay	24,000	87,300		9,000	9,400
TOTAL EXPENDITURES	3,525,500	5,828,100	5,860,400	4,016,100	4,085,600
EXPENDITURES BY UNIT					
Commissioner	535,900	654,800	681,900	565,100	587,700
Kentucky Board of Education	80,700	99,700	99,700	97,400	99,600
Legal Services	283,300	342,700	301,300	342,700	301,300
Management Assistance	489,100	2,466,200	2,443,900	1,072,100	1,093,500
Communications, Planning and Government Relations	2,136,500	2,264,700	2,333,600	1,938,800	2,003,500
TOTAL EXPENDITURES	3,525,500	5,828,100	5,860,400	4,016,100	4,085,600

The Executive Policy and Management major program area includes a number of key functions and offices which provide policy direction and leadership for Kentucky's public elementary and secondary education system as well as for the Department of Education.

EDUCATION
Executive Policy and Management
Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	535,900	654,800	681,900	565,100	587,700
EXPENDITURES BY CLASS					
Personnel Costs	437,100	553,300	580,400	463,600	486,200
Operating Expenses	98,800	101,500	101,500	101,500	101,500
TOTAL EXPENDITURES	535,900	654,800	681,900	565,100	587,700

House Bill 940, enacted by the 1990 General Assembly, provided for the appointment of a Commissioner of Education by the Kentucky Board of Education to serve as the chief state school officer. The first Commissioner, who took office January 1, 1991, was selected by a special sixperson Education Management Selection Commission prior to the newly reconstituted Board of Education being appointed.

The Commissioner of Education's qualifications and compensation are set by the Kentucky Board of Education. The Commissioner serves at the pleasure of the Board. The Commissioner is responsible for carrying out all duties assigned by the legislature, for executing education policy as directed by the State Board, and also directs the work of all persons employed by the Department of Education.

EDUCATION
Executive Policy and Management
Kentucky Board of Education

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	80,700	99,700	99,700	97,400	99,600
EXPENDITURES BY CLASS					
Personnel Costs	22,600	22,600	22,600	22,600	22,600
Operating Expenses	58,100	77,100	77,100	74,800	77,000
TOTAL EXPENDITURES	80,700	99,700	99,700	97,400	99,600

The 1990 General Assembly, in enacting House Bill 940, provided for a new Kentucky Board of Education consisting of 11 members appointed by the Governor and confirmed by both houses of the General Assembly; the Executive Director of the Council on Higher Education serves as an ex-officio non-voting member. Seven members represent each of the state's Supreme Court districts while four members represent the state at large. Each appointed member serves a four-year term. Terms are staggered and new appointments are submitted to the General Assembly by February 1 in each year that a regular session convenes.

Overall policy regarding public elementary and secondary education in Kentucky is set by the Kentucky Board of Education within the legal framework established by the General Assembly.

EDUCATION
Executive Policy and Management
Legal Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	283,300	342,700	301,300	342,700	301,300
EXPENDITURES BY CLASS					
Personnel Costs	273,200	282,500	291,100	282,500	291,100
Operating Expenses	10,100	60,200	10,200	60,200	10,200
TOTAL EXPENDITURES	283,300	342,700	301,300	342,700	301,300

The Office of Legal Services provides in-house legal services for the Commissioner of Education, all offices of the Department of Education, the Kentucky Board of Education, and the Education Professional Standards Board. The Office of Legal Services provides legal representation for the Department of Education and the two boards before administrative agencies and courts of law. Additionally, it provides informal legal advice to local school districts and members of the general public.

Policy

The enacted budget includes \$50,000 in funding in fiscal year 1996-97 for updating the Kentucky School Laws book which is distributed to local school districts and education administrators and policy makers. The update will reflect actions of the 1996 Regular Session of the General Assembly.

EDUCATION
Executive Policy and Management
Management Assistance

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	489,100	2,466,200	2,443,900	1,072,100	1,093,500
EXPENDITURES BY CLASS					
Personnel Costs	420,900	1,105,300	1,137,000	703,600	725,000
Operating Expenses	43,200	96,100	81,900	43,500	43,500
Grants, Loans or Benefits	25,000	1,225,000	1,225,000	325,000	325,000
Capital Outlay		39,800			
TOTAL EXPENDITURES	489,100	2,466,200	2,443,900	1,072,100	1,093,500

The Division of Management Assistance is responsible for implementing the Management Assistance Program as well as monitoring participating districts' progress in complying with relevant statutes and regulations governing the delivery of educational services. The Management Assistance Program is designed to improve the management and operations of school districts with substantial documented deficiencies. The Kentucky Department of Education, under the auspices of the Kentucky Board of Education, identifies districts most in need of management assistance based on a review of the districts' operations. The factors reviewed include but are not limited to: planning, maintenance, and operations of physical plants; maintenance and operation of student transportation; personnel administration; governance and executive leadership; fiscal management; professional performance, staff development and evaluation; and community relationships.

The Division of Management Assistance works with targeted districts to develop improvement plans to correct identified deficiencies and monitors implementation of the plans.

Management Assistance Teams provide consultative services to participating districts on how to improve efficiency and overall management operations.

The Division of Management Assistance also operates an Exemplary District Partnership program which facilitates district-to-district partnerships designed to promote the adoption of outstanding and innovative practices among school districts.

Policy

The enacted budget includes an additional \$570,000 in fiscal year 1996-97 and \$578,100 in fiscal year 1997-98 for staff and consultants to enable the Division of Management Assistance to more effectively investigate potential problems in districts and to provide oversight and assistance to additional districts most in need of such assistance.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,220,000	1,337,500	1,396,100	1,107,000	1,160,600
Restricted Agency Funds					
Balance Forward	67,200	61,500	58,600	61,500	128,900
Current Receipts	426,500	440,000	455,000	414,900	425,200
Total Restricted Agency Funds	493,700	501,500	513,600	476,400	554,100
Federal Funds					
Current Receipts	484,300	484,300	484,300	484,300	484,300
TOTAL FUNDS	2,198,000	2,323,300	2,394,000	2,067,700	2,199,000
EXPENDITURES BY CLASS					
Personnel Costs	1,288,800	1,414,800	1,483,700	1,224,400	1,282,900
Operating Expenses	332,900	314,100	361,600	217,100	222,900
Grants, Loans or Benefits	490,800	488,300	488,300	488,300	488,300
Capital Outlay	24,000	47,500		9,000	9,400
TOTAL EXPENDITURES	2,136,500	2,264,700	2,333,600	1,938,800	2,003,500
EXPENDITURES BY UNIT					
Associate Commissioner	352,600	367,200	384,300	355,200	372,200
Public Information	1,279,000	1,305,700	1,335,900	1,224,200	1,257,400
Media Services	298,600	376,200	388,300	160,200	165,100
Planning and Government Relations	206,300	215,600	225,100	199,200	208,800
TOTAL EXPENDITURES	2,136,500	2,264,700	2,333,600	1,938,800	2,003,500

The Office of Communications, Planning and Government Relations brings together in one location the related functions of information and media services as well as planning and government relations. The Associate Commissioner heading this Office reports directly to the Commissioner of Education.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	352,600	367,200	384,300	355,200	372,200
EXPENDITURES BY CLASS					
Personnel Costs	331,000	344,600	361,700	332,600	349,600
Operating Expenses	21,600	22,600	22,600	22,600	22,600
TOTAL EXPENDITURES	<u>352,600</u>	<u>367,200</u>	<u>384,300</u>	<u>355,200</u>	<u>372,200</u>

The Associate Commissioner reports directly to the Commissioner of Education and provides overall direction and coordination to the work of the Public Information, Media Services, and Planning and Government Relations divisions.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Public Information

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	449,000	465,000	484,900	415,000	437,900
Restricted Agency Funds					
Balance Forward	66,400	60,700	54,300	60,700	60,700
Current Receipts	340,000	350,000	365,000	324,900	335,200
Total Restricted Agency Funds	<u>406,400</u>	<u>410,700</u>	<u>419,300</u>	<u>385,600</u>	<u>395,900</u>
Federal Funds					
Current Receipts	484,300	484,300	484,300	484,300	484,300
TOTAL FUNDS	<u>1,339,700</u>	<u>1,360,000</u>	<u>1,388,500</u>	<u>1,284,900</u>	<u>1,318,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	579,000	605,000	635,200	563,500	591,500
Operating Expenses	192,700	212,400	212,400	172,400	177,600
Grants, Loans or Benefits	490,800	488,300	488,300	488,300	488,300
Capital Outlay	16,500				
TOTAL EXPENDITURES	<u>1,279,000</u>	<u>1,305,700</u>	<u>1,335,900</u>	<u>1,224,200</u>	<u>1,257,400</u>
EXPENDITURES BY UNIT					
Program Support	449,000	465,000	484,900	415,000	437,900
Miscellaneous Agency Receipt					
Programs	11,000	11,000	11,000	11,000	11,000
Graphics	232,500	243,200	253,500	218,900	229,200
Publications Center	102,200	102,200	102,200	95,000	95,000
Robert Byrd Scholarships	452,200	452,200	452,200	452,200	452,200
Christa McAuliffe Fellows	32,100	32,100	32,100	32,100	32,100
TOTAL EXPENDITURES	<u>1,279,000</u>	<u>1,305,700</u>	<u>1,335,900</u>	<u>1,224,200</u>	<u>1,257,400</u>

The Division of Public Information produces materials explaining the purpose and the progress of the Kentucky Education Reform Act to parents and other interested parties. The Division also creates print and electronic products to supplement professional development of educators.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Media Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	212,100	289,700	301,800	137,600	141,700
Restricted Agency Funds					
Balance Forward	800	800	4,300	800	68,200
Current Receipts	86,500	90,000	90,000	90,000	90,000
Total Restricted Agency Funds	<u>87,300</u>	<u>90,800</u>	<u>94,300</u>	<u>90,800</u>	<u>158,200</u>
TOTAL FUNDS	<u>299,400</u>	<u>380,500</u>	<u>396,100</u>	<u>228,400</u>	<u>299,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	187,300	264,700	276,800	137,600	141,700
Operating Expenses	103,800	64,000	111,500	13,600	14,000
Capital Outlay	7,500	47,500		9,000	9,400
TOTAL EXPENDITURES	<u>298,600</u>	<u>376,200</u>	<u>388,300</u>	<u>160,200</u>	<u>165,100</u>
EXPENDITURES BY UNIT					
Program Support	212,100	289,700	301,800	137,600	141,700
Media Sales	86,500	86,500	86,500	22,600	23,400
TOTAL EXPENDITURES	<u>298,600</u>	<u>376,200</u>	<u>388,300</u>	<u>160,200</u>	<u>165,100</u>

The Division of Media Services provides technical assistance and produces videotape programs for the Department, local school districts, education agencies, and the public. These videos provide instruction and professional development information relating to specific reform areas and exemplary practices occurring in local districts. This division works with Kentucky Educational Television and other television outlets to coordinate video services for educators, parents, and the public.

EDUCATION
Executive Policy and Management
Communications, Planning and Government Relations
Planning and Government Relations

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	206,300	215,600	225,100	199,200	208,800
EXPENDITURES BY CLASS					
Personnel Costs	191,500	200,500	210,000	190,700	200,100
Operating Expenses	14,800	15,100	15,100	8,500	8,700
TOTAL EXPENDITURES	<u>206,300</u>	<u>215,600</u>	<u>225,100</u>	<u>199,200</u>	<u>208,800</u>

The Division of Planning and Government Relations provides staff support to the Commissioner and the Department of Education in developing and coordinating various plans relating to the effective operation of the Department and the implementation of the Kentucky Education Reform Act. The Division also serves as a contact on behalf of the Commissioner and Department to the General Assembly and other government bodies.

EDUCATION
Management Support Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	217,000,600	285,498,500	303,607,000	261,119,200	280,524,700
Restricted Agency Funds					
Balance Forward	905,700	876,700	897,300	876,700	988,800
Current Receipts	1,514,900	1,589,900	1,639,900	1,564,900	1,589,900
Non-Revenue Receipts	648,000	659,000	670,000	658,000	668,000
Total Restricted Agency Funds	<u>3,068,600</u>	<u>3,125,600</u>	<u>3,207,200</u>	<u>3,099,600</u>	<u>3,246,700</u>
Federal Funds					
Balance Forward	800				35,000
Current Receipts	129,796,600	129,923,000	129,985,400	129,923,000	129,985,400
Total Federal Funds	<u>129,797,400</u>	<u>129,923,000</u>	<u>129,985,400</u>	<u>129,923,000</u>	<u>130,020,400</u>
TOTAL FUNDS	<u>349,866,600</u>	<u>418,547,100</u>	<u>436,799,600</u>	<u>394,141,800</u>	<u>413,791,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	8,943,800	10,060,500	10,528,100	9,240,600	9,726,300
Operating Expenses	4,129,100	4,310,200	4,353,400	3,927,100	4,012,500
Grants, Loans or Benefits	334,960,500	402,220,500	419,070,800	379,037,900	398,005,800
Debt Service	735,000	810,000	1,665,000	741,000	740,000
Capital Outlay	221,500	248,600	240,300	171,400	173,500
TOTAL EXPENDITURES	<u>348,989,900</u>	<u>417,649,800</u>	<u>435,857,600</u>	<u>393,118,000</u>	<u>412,658,100</u>
EXPENDITURES BY UNIT					
Deputy Commissioner	149,600	163,600	171,100	157,900	165,600
Education Technology	22,382,200	42,589,100	42,662,500	22,315,300	22,401,100
Internal Administration	7,378,600	7,713,100	8,802,600	7,346,800	7,605,000
District Support Services	319,079,500	367,184,000	384,221,400	363,298,000	382,486,400
TOTAL EXPENDITURES	<u>348,989,900</u>	<u>417,649,800</u>	<u>435,857,600</u>	<u>393,118,000</u>	<u>412,658,100</u>

The Management Support Services major program area is headed by a Deputy Commissioner and consists of the Offices of Education Technology, Internal Administration, and District Support Services.

EDUCATION
Management Support Services
Deputy Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	149,600	163,600	171,100	157,900	165,600
EXPENDITURES BY CLASS					
Personnel Costs	136,500	150,300	157,800	149,100	156,500
Operating Expenses	13,100	13,300	13,300	8,800	9,100
TOTAL EXPENDITURES	<u>149,600</u>	<u>163,600</u>	<u>171,100</u>	<u>157,900</u>	<u>165,600</u>

The Deputy Commissioner and associated support staff provide policy and administrative direction for the Management Support Services major program area consisting of the following Offices: Education Technology, Internal Administration, and District Support Services. The Deputy Commissioner reports directly to the Commissioner of Education.

EDUCATION
Management Support Services
Education Technology

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,925,600	42,132,500	42,205,900	21,887,600	21,963,400
Restricted Agency Funds					
Balance Forward	377,400	343,300	359,200	343,300	388,100
Current Receipts	362,500	412,500	437,500	412,500	437,500
Non-Revenue Receipts	60,000	60,000	60,000	60,000	60,000
Total Restricted Agency Funds	<u>799,900</u>	<u>815,800</u>	<u>856,700</u>	<u>815,800</u>	<u>885,600</u>
TOTAL FUNDS	<u>22,725,500</u>	<u>42,948,300</u>	<u>43,062,600</u>	<u>22,703,400</u>	<u>22,849,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,268,800	1,473,700	1,547,100	1,292,300	1,356,800
Operating Expenses	875,000	877,000	877,000	834,300	851,700
Grants, Loans or Benefits	20,062,500	40,062,500	40,062,500	20,062,500	20,062,500
Capital Outlay	175,900	175,900	175,900	126,200	130,100
TOTAL EXPENDITURES	<u>22,382,200</u>	<u>42,589,100</u>	<u>42,662,500</u>	<u>22,315,300</u>	<u>22,401,100</u>
EXPENDITURES BY UNIT					
Associate Commissioner	268,500	280,400	291,100	275,400	287,200
System Support Services	961,900	1,040,300	1,072,800	901,600	933,600
Integration Services	872,900	903,900	918,900	780,900	808,600
Customer Support Services	278,900	364,500	379,700	357,400	371,700
Kentucky Education Technology System (KETS)	20,000,000	40,000,000	40,000,000	20,000,000	20,000,000
TOTAL EXPENDITURES	<u>22,382,200</u>	<u>42,589,100</u>	<u>42,662,500</u>	<u>22,315,300</u>	<u>22,401,100</u>

The Office of Education Technology is responsible for policy and budget development as well as administration and quality assurance for the Kentucky Education Technology System (KETS) in conjunction with the KETS Project Manager appointed by the Secretary of Finance under the provisions of House Bill 1 passed by the General Assembly during the First Extraordinary Session of 1993. This Office also maintains the Department of Education's Information Resources Plan, oversees internal Department of Education computer services, assists educators in integrating instruction and administration using KETS technology, and assists local districts and schools with their technology plans.

EDUCATION
Management Support Services
Education Technology
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	268,500	280,400	291,100	275,400	287,200
EXPENDITURES BY CLASS					
Personnel Costs	205,700	217,600	228,300	218,000	229,600
Operating Expenses	51,900	51,900	51,900	51,900	51,900
Capital Outlay	10,900	10,900	10,900	5,500	5,700
TOTAL EXPENDITURES	268,500	280,400	291,100	275,400	287,200

The Associate Commissioner for Education Technology reports to the Commissioner of Education through the Deputy Commissioner for Management Support Services. The Associate Commissioner provides overall direction and coordination to the work of the System Support Services, Integration Services, and Customer Support Services divisions. The Associate Commissioner also works in concert with the KETS Project Manager within the Finance and Administration Cabinet to further the implementation of the Kentucky Education Technology System.

EDUCATION
Management Support Services
Education Technology
System Support Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	901,900	980,300	1,012,800	848,800	880,200
Restricted Agency Funds					
Balance Forward	500	500	500	500	7,700
Non-Revenue Receipts	60,000	60,000	60,000	60,000	60,000
Total Restricted Agency Funds	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>67,700</u>
TOTAL FUNDS	<u>962,400</u>	<u>1,040,800</u>	<u>1,073,300</u>	<u>909,300</u>	<u>947,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	597,900	674,300	706,800	579,900	608,200
Operating Expenses	199,000	201,000	201,000	201,000	201,000
Capital Outlay	165,000	165,000	165,000	120,700	124,400
TOTAL EXPENDITURES	<u>961,900</u>	<u>1,040,300</u>	<u>1,072,800</u>	<u>901,600</u>	<u>933,600</u>

The Division of System Support Services is responsible for design, development, and ongoing support of computing capabilities and communications systems to support the Kentucky Education Technology System (KETS) as well as internal Department of Education systems.

The Division of System Support Services is responsible for: statewide KETS and Local Area Network Design; installation, upgrades, and maintenance of KETS network components; district/school network management and testing; and evaluations of all KETS hardware and network components. Finally, this division has a number of responsibilities regarding operation of Department of Education information and office systems.

EDUCATION
Management Support Services
Education Technology
Integration Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	538,800	569,800	584,800	468,500	486,800
Restricted Agency Funds					
Balance Forward	346,900	312,800	328,700	312,800	350,400
Current Receipts	300,000	350,000	375,000	350,000	375,000
Total Restricted Agency Funds	<u>646,900</u>	<u>662,800</u>	<u>703,700</u>	<u>662,800</u>	<u>725,400</u>
TOTAL FUNDS	<u>1,185,700</u>	<u>1,232,600</u>	<u>1,288,500</u>	<u>1,131,300</u>	<u>1,212,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	273,000	304,000	319,000	220,000	230,900
Operating Expenses	599,900	599,900	599,900	560,900	577,700
TOTAL EXPENDITURES	<u>872,900</u>	<u>903,900</u>	<u>918,900</u>	<u>780,900</u>	<u>808,600</u>

The Division of Integration Services provides systems analysis, design, and implementation services for the Kentucky Education Technology System (KETS) as well as the Department of Education. This division develops recommendations to re-engineer departmental business processes to take advantage of information technology, establishes and maintains data administration standards for KETS and the Department of Education, and develops processes to make education data accessible to internal and external decision makers.

EDUCATION
Management Support Services
Education Technology
Customer Support Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	216,400	302,000	317,200	294,900	309,200
Restricted Agency Funds					
Balance Forward	30,000	30,000	30,000	30,000	30,000
Current Receipts	62,500	62,500	62,500	62,500	62,500
Total Restricted Agency Funds	92,500	92,500	92,500	92,500	92,500
TOTAL FUNDS	308,900	394,500	409,700	387,400	401,700
EXPENDITURES BY CLASS					
Personnel Costs	192,200	277,800	293,000	274,400	288,100
Operating Expenses	24,200	24,200	24,200	20,500	21,100
Grants, Loans or Benefits	62,500	62,500	62,500	62,500	62,500
TOTAL EXPENDITURES	278,900	364,500	379,700	357,400	371,700
EXPENDITURES BY UNIT					
Program Support	216,400	302,000	317,200	294,900	309,200
National Geographic Society	62,500	62,500	62,500	62,500	62,500
TOTAL EXPENDITURES	278,900	364,500	379,700	357,400	371,700

The Division of Customer Support Services provides and promotes education technology professional development activities for educators learning to integrate instruction and administration using Kentucky Education Technology System (KETS) technology. The Division provides: technology education awareness and training programs; regional KETS coordinators to the regional service centers; and direct consulting to district and school technology coordinators.

EDUCATION
Management Support Services
Education Technology
Kentucky Education Technology Program (KETS)

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,000,000	40,000,000	40,000,000	20,000,000	20,000,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	20,000,000	40,000,000	40,000,000	20,000,000	20,000,000
EXPENDITURES BY UNIT					
Transfers to Education Technology Trust Fund	20,000,000	40,000,000	40,000,000	20,000,000	20,000,000

The 1990 Education Reform Act provides for the establishment of a Kentucky Education Technology System (KETS). All state funds for the development and implementation of KETS are appropriated to the Department of Education. These funds are then transferred during each fiscal year to the Education Technology Trust Fund where they are administered and invested by the Finance and Administration Cabinet. Funds from the Education Technology Trust Fund are withdrawn and expended based on guidelines established by the Education Technology Master Plan and in accordance with the various statutes governing this program.

Policy

The enacted budget provides for continuation funding of \$20 million each year of the 1996-98 biennium for the KETS program. This level of funding will provide state matching funds--a minimum of \$12 million in fiscal year 1996-97 and \$14 million in fiscal year 1997-98--to enable local school districts to continue purchasing computers and related items for students and teachers and will also permit continued development and implementation of the statewide administrative network.

EDUCATION
Management Support Services
Internal Administration

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,735,700	6,033,800	7,086,400	5,756,100	5,957,000
Restricted Agency Funds					
Balance Forward	488,500	493,600	498,300	493,600	560,900
Current Receipts	1,060,000	1,085,000	1,110,000	1,060,000	1,060,000
Non-Revenue Receipts	588,000	599,000	610,000	598,000	608,000
Total Restricted Agency Funds	<u>2,136,500</u>	<u>2,177,600</u>	<u>2,218,300</u>	<u>2,151,600</u>	<u>2,228,900</u>
TOTAL FUNDS	<u>7,872,200</u>	<u>8,211,400</u>	<u>9,304,700</u>	<u>7,907,700</u>	<u>8,185,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,195,800	4,394,900	4,596,900	4,337,800	4,539,800
Operating Expenses	2,412,600	2,473,000	2,505,500	2,232,800	2,290,000
Debt Service	735,000	810,000	1,665,000	741,000	740,000
Capital Outlay	35,200	35,200	35,200	35,200	35,200
TOTAL EXPENDITURES	<u>7,378,600</u>	<u>7,713,100</u>	<u>8,802,600</u>	<u>7,346,800</u>	<u>7,605,000</u>
EXPENDITURES BY UNIT					
Associate Commissioner	268,500	278,500	290,500	250,800	263,800
Administrative Services	2,226,000	2,336,100	3,225,200	2,123,600	2,167,300
Financial Services	4,444,100	4,640,700	4,811,000	4,583,100	4,765,800
Personnel Services	440,000	457,800	475,900	389,300	408,100
TOTAL EXPENDITURES	<u>7,378,600</u>	<u>7,713,100</u>	<u>8,802,600</u>	<u>7,346,800</u>	<u>7,605,000</u>

The Office of Internal Administration provides basic administrative and support functions necessary for the effective functioning of the Department of Education and consists of the following divisions: Administrative Services; Financial Services; and Personnel Services.

EDUCATION
Management Support Services
Internal Administration
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	258,100	268,100	280,100	240,400	253,400
Restricted Agency Funds					
Balance Forward	25,400	23,000	21,600	23,000	20,600
Non-Revenue Receipts	8,000	9,000	10,000	8,000	8,000
Total Restricted Agency Funds	<u>33,400</u>	<u>32,000</u>	<u>31,600</u>	<u>31,000</u>	<u>28,600</u>
TOTAL FUNDS	<u>291,500</u>	<u>300,100</u>	<u>311,700</u>	<u>271,400</u>	<u>282,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	230,000	240,000	252,000	236,700	249,300
Operating Expenses	38,500	38,500	38,500	14,100	14,500
TOTAL EXPENDITURES	<u>268,500</u>	<u>278,500</u>	<u>290,500</u>	<u>250,800</u>	<u>263,800</u>

The Associate Commissioner of Internal Administration reports to the Commissioner of Education through the Deputy Commissioner for Management Support Services. The Associate Commissioner directs the activities of and provides policy leadership for the divisions of Administrative Services, Financial Services, and Personnel Services.

EDUCATION
Management Support Services
Internal Administration
Administrative Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,172,500	1,256,000	2,118,300	1,178,000	1,184,300
Restricted Agency Funds					
Balance Forward	212,500	219,000	223,900	219,000	333,400
Current Receipts	1,060,000	1,085,000	1,110,000	1,060,000	1,060,000
Total Restricted Agency Funds	<u>1,272,500</u>	<u>1,304,000</u>	<u>1,333,900</u>	<u>1,279,000</u>	<u>1,393,400</u>
TOTAL FUNDS	<u>2,445,000</u>	<u>2,560,000</u>	<u>3,452,200</u>	<u>2,457,000</u>	<u>2,577,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	649,500	684,600	718,700	660,200	693,100
Operating Expenses	806,300	806,300	806,300	687,200	699,000
Debt Service	735,000	810,000	1,665,000	741,000	740,000
Capital Outlay	35,200	35,200	35,200	35,200	35,200
TOTAL EXPENDITURES	<u>2,226,000</u>	<u>2,336,100</u>	<u>3,225,200</u>	<u>2,123,600</u>	<u>2,167,300</u>
EXPENDITURES BY UNIT					
Program Services	454,100	475,500	497,000	455,300	477,300
Printshop Services	744,300	758,000	770,600	634,700	657,400
Facilities Management	1,027,600	1,102,600	1,957,600	1,033,600	1,032,600
TOTAL EXPENDITURES	<u>2,226,000</u>	<u>2,336,100</u>	<u>3,225,200</u>	<u>2,123,600</u>	<u>2,167,300</u>

The Division of Administrative Services performs basic internal management support functions for the Department of Education. This Division contains the Department of Education's centralized printing operations as well as the Department's facilities management operations. Debt service relating to Department of Education facilities is budgeted within this Division.

EDUCATION
Management Support Services
Internal Administration
Financial Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,959,600	4,146,400	4,306,600	3,974,400	4,137,900
Restricted Agency Funds					
Balance Forward	205,600	211,100	211,800	211,100	97,400
Non-Revenue Receipts	490,000	495,000	500,000	495,000	500,000
Total Restricted Agency Funds	<u>695,600</u>	<u>706,100</u>	<u>711,800</u>	<u>706,100</u>	<u>597,400</u>
TOTAL FUNDS	<u>4,655,200</u>	<u>4,852,500</u>	<u>5,018,400</u>	<u>4,680,500</u>	<u>4,735,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,925,800	3,062,000	3,199,800	3,075,500	3,213,900
Operating Expenses	1,518,300	1,578,700	1,611,200	1,507,600	1,551,900
TOTAL EXPENDITURES	<u>4,444,100</u>	<u>4,640,700</u>	<u>4,811,000</u>	<u>4,583,100</u>	<u>4,765,800</u>
EXPENDITURES BY UNIT					
Program Support	746,100	767,500	796,700	733,700	759,200
Building Rent and Security					
Guards	650,600	698,300	716,600	698,300	716,600
Audit Costs	125,000	125,000	125,000	125,000	125,000
Centralized Operating Costs	825,600	848,200	860,900	824,400	853,200
Kentucky Department of Education					
Teacher Retirement Match	2,096,800	2,201,700	2,311,800	2,201,700	2,311,800
TOTAL EXPENDITURES	<u>4,444,100</u>	<u>4,640,700</u>	<u>4,811,000</u>	<u>4,583,100</u>	<u>4,765,800</u>

The Division of Financial Services serves as the Department of Education's internal financial center with primary emphasis on purchasing and accounting functions. The Division serves as a liaison to vendors as well as other state and federal agencies. This Division also disburses funds to local school districts on behalf of the Department.

The aggregated employer matching contribution on behalf of those Department of Education employees belonging to the Teachers' Retirement System is budgeted within and administered by this Division.

Certain basic operating costs formerly dispersed throughout the various programs of the Department of Education are now aggregated and displayed centrally within the Division of Financial Services. This facilitates more effective central management of such costs and also provides a better accounting of such outlays in order to maximize the Department's receipt of federal indirect cost receipts associated with basic operating expenditures.

EDUCATION
Management Support Services
Internal Administration
Personnel Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	345,500	363,300	381,400	363,300	381,400
Restricted Agency Funds					
Balance Forward	45,000	40,500	41,000	40,500	109,500
Non-Revenue Receipts	90,000	95,000	100,000	95,000	100,000
Total Restricted Agency Funds	<u>135,000</u>	<u>135,500</u>	<u>141,000</u>	<u>135,500</u>	<u>209,500</u>
TOTAL FUNDS	<u>480,500</u>	<u>498,800</u>	<u>522,400</u>	<u>498,800</u>	<u>590,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	390,500	408,300	426,400	365,400	383,500
Operating Expenses	49,500	49,500	49,500	23,900	24,600
TOTAL EXPENDITURES	<u>440,000</u>	<u>457,800</u>	<u>475,900</u>	<u>389,300</u>	<u>408,100</u>

The Division of Personnel Services is charged with responsibility for maintaining the personnel and payroll system for the Department of Education. The Division also has responsibility for minority recruitment programs, employee wellness programs, and coordinating employee training through the Governmental Services Center.

EDUCATION
Management Support Services
District Support Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	189,189,700	237,168,600	254,143,600	233,317,600	252,438,700
Restricted Agency Funds					
Balance Forward	39,800	39,800	39,800	39,800	39,800
Current Receipts	92,400	92,400	92,400	92,400	92,400
Total Restricted Agency Funds	132,200	132,200	132,200	132,200	132,200
Federal Funds					
Balance Forward	800				35,000
Current Receipts	129,796,600	129,923,000	129,985,400	129,923,000	129,985,400
Total Federal Funds	129,797,400	129,923,000	129,985,400	129,923,000	130,020,400
TOTAL FUNDS	319,119,300	367,223,800	384,261,200	363,372,800	382,591,300
EXPENDITURES BY CLASS					
Personnel Costs	3,342,700	4,041,600	4,226,300	3,461,400	3,673,200
Operating Expenses	828,400	946,900	957,600	851,200	861,700
Grants, Loans or Benefits	314,898,000	362,158,000	379,008,300	358,975,400	377,943,300
Capital Outlay	10,400	37,500	29,200	10,000	8,200
TOTAL EXPENDITURES	319,079,500	367,184,000	384,221,400	363,298,000	382,486,400
EXPENDITURES BY UNIT					
Associate Commissioner	334,700	324,100	338,900	318,000	334,500
Finance	183,628,600	231,551,200	248,468,600	227,910,100	246,977,400
Facilities Management	496,400	541,100	566,500	418,000	438,000
Pupil Transportation	750,300	772,500	789,900	691,800	709,100
School and Community Nutrition	133,869,500	133,995,100	134,057,500	133,960,100	134,027,400
TOTAL EXPENDITURES	319,079,500	367,184,000	384,221,400	363,298,000	382,486,400

The Office of District Support Services provides administrative and technical assistance on behalf of local school districts throughout the state and consists of the following divisions: Finance; Facilities Management; School and Community Nutrition Services; and Pupil Transportation.

EDUCATION
Management Support Services
District Support Services
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	334,700	324,100	338,900	318,000	334,500
EXPENDITURES BY CLASS					
Personnel Costs	310,900	297,500	312,300	293,500	309,200
Operating Expenses	23,800	26,600	26,600	24,500	25,300
TOTAL EXPENDITURES	<u>334,700</u>	<u>324,100</u>	<u>338,900</u>	<u>318,000</u>	<u>334,500</u>

Commissioner for District Support Services reports to the Commissioner of Education through the Deputy Commissioner for Management Support Services. The Associate Commissioner is responsible for directing the work of and providing policy direction to the following divisions: Finance; Facilities Management; Pupil Transportation, and School and Community Nutrition.

EDUCATION
Management Support Services
District Support Services
Finance

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	183,628,600	231,551,200	248,468,600	227,910,100	246,977,400
EXPENDITURES BY CLASS					
Personnel Costs	956,700	1,487,100	1,554,600	1,116,700	1,214,400
Operating Expenses	114,000	208,700	216,600	148,100	151,600
Grants, Loans or Benefits	182,557,900	229,817,900	246,668,200	226,635,300	245,603,200
Capital Outlay		37,500	29,200	10,000	8,200
TOTAL EXPENDITURES	183,628,600	231,551,200	248,468,600	227,910,100	246,977,400
EXPENDITURES BY UNIT					
Program Services	1,070,700	1,353,900	1,410,400	1,274,800	1,374,200
Local District Programs	6,066,800	33,393,400	34,321,000	31,992,400	35,061,500
Local District Insurance	176,491,100	196,803,900	212,737,200	194,642,900	210,541,700
TOTAL EXPENDITURES	183,628,600	231,551,200	248,468,600	227,910,100	246,977,400

The Division of Finance's objectives include: the provision of technical assistance to 176 local school districts on matters of budgeting, accounting, reporting and composing salary schedules; distribution of state SEEK funds to local districts; providing guidance in planning the financing of local school building construction and providing other financial management and accounting assistance.

The Division of Finance, through the Outof-District program, provides funds to defray the costsof educating students placed through the courts or the Cabinet for Human Resources in treatment programs outside the school district where their parents or guardians reside.

The State School Audit Committee is provided funds to reimburse the state share of the cost of the annual audits of various local school district accounts. These funds are budgeted within the Division of Finance, which also receives, reviews, analyzes, and corrects any exceptions noted in the audits.

The Division of Finance has responsibility for administering the program providing qualified and participating local school district employees with health and life insurance coverage.

NOTE: Funds to provide textbooks and instructional materials for students in grades P-8 are budgeted within the Division of Finance. These funds were formerly budgeted within the Division of Curriculum within the Office of Curriculum Assessment and Accountability within Learning Results Services.

Policy

The enacted budget includes \$7,928,400 in fiscal year 1996-97 and \$10,997,500 in fiscal year 1997-98 for the Out-of-District program compared to the fiscal year 1995-96 base of \$5,645,900. This funding increase will provide for: costs associated with an increased number of children/students residing in state day treatment and residential facilities (\$3,502,280 in fiscal year 1996-97 and \$3,860,658 in fiscal year 1997-98); costs associated with an increased number of children/students residing in private care facilities (\$2,650,758 in fiscal year 1996-97 and \$4,794,721 in fiscal year 1997-98); and establishment of at least six day treatment programs over the biennium (\$975,000 in fiscal year 1996-97 and \$1,500,000 in fiscal year 1997-98). The remainder of the Out-of-District funding is for administrative support.

The enacted budget includes funding for the Local School District Audit program of \$420,900 in fiscal years 1996-97 and 1997-98.

The enacted budget provides a continuation level of funding for the P-8 textbook/instructional materials program of \$23,643,100 each year of the 1996-98 biennium.

The enacted budget includes funding to provide health and life insurance coverage for the number of participating local school district employees as estimated by the Department of Education. The budgeted cost of local district health and life insurance premiums is \$194,642,900 in fiscal year 1996-97 and \$210,541,700 in fiscal year 1997-98.

The enacted budget includes additional funding support of \$242,000 in fiscal year 1996-97 and \$250,000 in fiscal year 1997-98 for the District Administrative System (DAS) project being implemented as part of the Kentucky Education Technology System master plan. This funding will provide the Division of Finance with the capacity to continue working with local school districts in the implementation and support of the new system. Staff from the division will work with local district staff, providing initial training and continuing technical support, in fully exploiting the capacity of the new system to upgrade and standardize school district financial accounting and reporting functions statewide.

EDUCATION
Management Support Services
District Support Services
Facilities Management

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	496,400	541,100	566,500	418,000	438,000
EXPENDITURES BY CLASS					
Personnel Costs	460,800	504,000	529,400	383,800	402,800
Operating Expenses	35,600	37,100	37,100	34,200	35,200
TOTAL EXPENDITURES	<u>496,400</u>	<u>541,100</u>	<u>566,500</u>	<u>418,000</u>	<u>438,000</u>

The Division of Facilities Management reviews, oversees, and approves all new buildings, additions, and alterations of existing public school buildings. This division also provides guidance in preparing each local district's facility plan and assists in updating and amending district plans. The Division of Facilities Management also compiles information concerning construction needs each biennium for use by the School Facilities Construction Commission.

EDUCATION
Management Support Services
District Support Services
Pupil Transportation

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	657,900	680,100	697,500	599,400	616,700
Restricted Agency Funds					
Balance Forward	39,800	39,800	39,800	39,800	39,800
Current Receipts	92,400	92,400	92,400	92,400	92,400
Total Restricted Agency Funds	<u>132,200</u>	<u>132,200</u>	<u>132,200</u>	<u>132,200</u>	<u>132,200</u>
TOTAL FUNDS	<u>790,100</u>	<u>812,300</u>	<u>829,700</u>	<u>731,600</u>	<u>748,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	332,700	353,400	370,800	302,800	317,700
Operating Expenses	97,300	109,200	109,200	79,100	81,500
Grants, Loans or Benefits	309,900	309,900	309,900	309,900	309,900
Capital Outlay	10,400				
TOTAL EXPENDITURES	<u>750,300</u>	<u>772,500</u>	<u>789,900</u>	<u>691,800</u>	<u>709,100</u>
EXPENDITURES BY UNIT					
Program Support	657,900	680,100	697,500	599,400	616,700
Bus Driver Training	92,400	92,400	92,400	92,400	92,400
TOTAL EXPENDITURES	<u>750,300</u>	<u>772,500</u>	<u>789,900</u>	<u>691,800</u>	<u>709,100</u>

The Division of Pupil Transportation provides technical assistance as well as regulatory and coordination services to local school districts to facilitate the safe and efficient transporting of pupils to and from school. The Division also sets forth the procedures for centralized purchasing of school buses through established price contract agreements. Additionally, the Division provides training for instructors, bus inspectors, and drivers.

EDUCATION
Management Support Services
District Support Services
School and Community Nutrition

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,072,100	4,072,100	4,072,100	4,072,100	4,072,100
Federal Funds					
Balance Forward	800				35,000
Current Receipts	129,796,600	129,923,000	129,985,400	129,923,000	129,985,400
Total Federal Funds	<u>129,797,400</u>	<u>129,923,000</u>	<u>129,985,400</u>	<u>129,923,000</u>	<u>130,020,400</u>
TOTAL FUNDS	<u>133,869,500</u>	<u>133,995,100</u>	<u>134,057,500</u>	<u>133,995,100</u>	<u>134,092,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,281,600	1,399,600	1,459,200	1,364,600	1,429,100
Operating Expenses	557,700	565,300	568,100	565,300	568,100
Grants, Loans or Benefits	132,030,200	132,030,200	132,030,200	132,030,200	132,030,200
TOTAL EXPENDITURES	<u>133,869,500</u>	<u>133,995,100</u>	<u>134,057,500</u>	<u>133,960,100</u>	<u>134,027,400</u>
EXPENDITURES BY UNIT					
Consultative Services	1,568,200	1,693,800	1,756,200	1,658,800	1,726,200
Maintenance of Effort	271,100	271,100	271,100	271,100	271,000
State Match	3,801,000	3,801,000	3,801,000	3,801,000	3,801,000
Federal Food Assistance	128,229,200	128,229,200	128,229,200	128,229,200	128,229,200
TOTAL EXPENDITURES	<u>133,869,500</u>	<u>133,995,100</u>	<u>134,057,500</u>	<u>133,960,100</u>	<u>134,027,400</u>

The Division of School and Community Nutrition oversees the administration of the following National School Lunch Act and Child Nutrition Act programs in local school districts and other eligible agencies: National School Lunch Program; School Breakfast Program; Special Milk Program; Child Care Food Program; Summer Food Service Program; and the Nutrition Education and Training Program. Approximately 1,600 Kentucky schools (public and nonpublic) participate in one or more of these programs.

EDUCATION
Learning Results Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,718,700	48,418,900	48,991,100	30,964,100	31,220,600
Restricted Agency Funds					
Balance Forward	317,800	106,000	96,000	106,000	96,000
Current Receipts	306,800	132,100	119,000	132,100	119,000
Total Restricted Agency Funds	624,600	238,100	215,000	238,100	215,000
Federal Funds					
Balance Forward	12,300	18,300	20,300	18,300	20,300
Current Receipts	2,284,900	2,288,300	2,298,900	2,288,300	2,298,900
Total Federal Funds	2,297,200	2,306,600	2,319,200	2,306,600	2,319,200
TOTAL FUNDS	57,640,500	50,963,600	51,525,300	33,508,800	33,754,800
EXPENDITURES BY CLASS					
Personnel Costs	15,936,100	22,402,300	23,009,600	16,570,900	16,819,100
Operating Expenses	1,373,900	1,975,500	2,000,600	1,274,100	1,294,600
Grants, Loans or Benefits	40,146,200	26,421,500	26,416,900	15,547,500	15,542,900
Capital Outlay	60,000	48,000			
TOTAL EXPENDITURES	57,516,200	50,847,300	51,427,100	33,392,500	33,656,600
EXPENDITURES BY UNIT					
Deputy Commissioner	2,918,000	3,130,200	3,157,000	2,522,700	2,538,900
Curriculum, Assessment and Accountability	34,868,100	14,645,700	14,764,800	11,595,800	11,651,700
Regional Assistance	19,730,100	33,071,400	33,505,300	19,274,000	19,466,000
TOTAL EXPENDITURES	57,516,200	50,847,300	51,427,100	33,392,500	33,656,600

The Learning Results major program area is headed by a Deputy Commissioner and consists of the Office of Curriculum, Assessment, and Accountability, and the Office of Regional Assistance.

EDUCATION
Learning Results Services
Deputy Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	262,600	843,900	863,100	236,400	245,000
Restricted Agency Funds					
Balance Forward	175,700				
Current Receipts	200,800				
Total Restricted Agency Funds	<u>376,500</u>				
Federal Funds					
Balance Forward	12,300	18,300	20,300	18,300	20,300
Current Receipts	2,284,900	2,288,300	2,298,900	2,288,300	2,298,900
Total Federal Funds	<u>2,297,200</u>	<u>2,306,600</u>	<u>2,319,200</u>	<u>2,306,600</u>	<u>2,319,200</u>
TOTAL FUNDS	<u>2,936,300</u>	<u>3,150,500</u>	<u>3,182,300</u>	<u>2,543,000</u>	<u>2,564,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	392,700	819,300	858,100	372,800	389,000
Operating Expenses	116,400	235,100	235,100	86,100	86,100
Grants, Loans or Benefits	2,408,900	2,063,800	2,063,800	2,063,800	2,063,800
Capital Outlay		12,000			
TOTAL EXPENDITURES	<u>2,918,000</u>	<u>3,130,200</u>	<u>3,157,000</u>	<u>2,522,700</u>	<u>2,538,900</u>
EXPENDITURES BY UNIT					
Policy Support	262,600	235,200	244,000	236,400	245,000
PRISM Project, National Science Foundation	2,278,900	2,286,300	2,293,900	2,286,300	2,293,900
Math Portfolio	376,500	608,700	619,100		
TOTAL EXPENDITURES	<u>2,918,000</u>	<u>3,130,200</u>	<u>3,157,000</u>	<u>2,522,700</u>	<u>2,538,900</u>

The Learning Results Services/Deputy Commissioner area consists of the Deputy Commissioner and associated staff who provide policy and administrative direction for the Learning Results major program area. The Deputy Commissioner reports directly to the Commissioner of Education.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	34,868,100	14,645,700	14,764,800	11,595,800	11,651,700
Restricted Agency Funds					
Balance Forward	16,900	16,900	16,900	16,900	16,900
TOTAL FUNDS	34,885,000	14,662,600	14,781,700	11,612,700	11,668,600
EXPENDITURES BY CLASS					
Personnel Costs	9,053,400	12,841,200	12,976,000	10,099,400	10,142,000
Operating Expenses	486,900	670,300	695,200	532,000	545,300
Grants, Loans or Benefits	25,327,800	1,098,200	1,093,600	964,400	964,400
Capital Outlay		36,000			
TOTAL EXPENDITURES	34,868,100	14,645,700	14,764,800	11,595,800	11,651,700
EXPENDITURES BY UNIT					
Associate Commissioner	193,100	203,300	213,000	202,000	211,700
Assessment Development	463,000	480,800	495,300	363,100	375,200
Assessment Implementation	7,851,700	11,040,600	11,072,100	8,532,700	8,554,300
Curriculum	26,360,300	2,921,000	2,984,400	2,498,000	2,510,500
TOTAL EXPENDITURES	34,868,100	14,645,700	14,764,800	11,595,800	11,651,700

The Office of Curriculum, Assessment, and Accountability is responsible for developing and implementing a performance-based, learning-driven assessment program which will clarify performance expectations for students, and focus curriculum, instruction and professional development on Kentucky's student academic expectations. The primary strategies to achieve this Office's mission are as follows: developing the student assessment program; developing tasks to support the academic expectations; enabling local educators to develop and conduct their own assessments; interpreting the results and using the information to change learning methods and activities.

The Office consists of the following divisions: Associate Commissioner; Assessment Development; Assessment Implementation; and Curriculum.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	193,100	203,300	213,000	202,000	211,700
EXPENDITURES BY CLASS					
Personnel Costs	185,400	194,600	204,300	195,200	204,700
Operating Expenses	7,700	8,700	8,700	6,800	7,000
TOTAL EXPENDITURES	193,100	203,300	213,000	202,000	211,700

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Curriculum, Assessment, and Accountability. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Results Services.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Assessment Development

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	463,000	480,800	495,300	363,100	375,200
EXPENDITURES BY CLASS					
Personnel Costs	356,900	371,700	386,200	254,000	266,100
Operating Expenses	86,100	89,100	89,100	89,100	89,100
Grants, Loans or Benefits	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	463,000	480,800	495,300	363,100	375,200

The Assessment Development Division is primarily responsible, in conjunction with the Assessment Implementation Division, for development and administration of the statewide performance-based student assessment test.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Assessment Implementation

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,851,700	11,040,600	11,072,100	8,532,700	8,554,300
EXPENDITURES BY CLASS					
Personnel Costs	7,806,500	10,905,000	10,947,600	8,485,000	8,505,100
Operating Expenses	45,200	99,600	124,500	47,700	49,200
Capital Outlay		36,000			
TOTAL EXPENDITURES	7,851,700	11,040,600	11,072,100	8,532,700	8,554,300
EXPENDITURES BY UNIT					
Program Support	450,500	1,040,600	1,072,100	432,700	454,300
Assessment KERA	7,401,200	10,000,000	10,000,000	8,100,000	8,100,000
TOTAL EXPENDITURES	7,851,700	11,040,600	11,072,100	8,532,700	8,554,300

This division provides technical assistance to local schools and districts through the following:

- implementation and administration of the Kentucky Instructional Results Informational Systems (KIRIS) assessment at the currently mandated grades of 4, 5, 8, 11, and 12;
- supervision and support of the Advanced Systems for Measurement and Evaluation testing contract;
- technical assistance in establishing continuous assessment strategies to all school districts;
- coordination of Kentucky's participation in the National Assessment of Educational Progress;
- staff development activities that facilitate the implementation of performance-based instruction and assessment; and
- field testing, with the Assessment Development Division, of performance-based assessments.

The Kentucky Education Reform Act (KERA) directed the Department of Education to administer a statewide performance-based student assessment test. This is the fifth year of a five-year contract with Advanced Systems in Measurement and Evaluation, Inc. for the development of an assessment testing process that will measure students' mastery of the academic expectations established by the Council on School Performance Standards. The assessment testing consists of open-response questions, performance events, and portfolios of students' writing. Student testing began on an annual basis in 1992. Each school's 1992 results were compared to the two-year average of the testing in 1993 and 1994 and rewards in the amount of approximately \$26 million were distributed in April 1995.

Policy

The Budget of the Commonwealth includes a total of \$8.1 million in fiscal year 1996-97 and \$8.1 million in fiscal year 1997-98 in General Fund moneys to fund a new contract for the continued development and implementation of the performance-based student assessment test. The contract will address issues and concerns recently raised, in particular, those raised by the Office of Education Accountability (OEA) panel study. The contract will also strengthen national comparisons as well as child specific longitudinal comparisons.

EDUCATION
Learning Results Services
Curriculum, Assessment and Accountability
Curriculum

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,360,300	2,921,000	2,984,400	2,498,000	2,510,500
Restricted Agency Funds					
Balance Forward	16,900	16,900	16,900	16,900	16,900
TOTAL FUNDS	<u>26,377,200</u>	<u>2,937,900</u>	<u>3,001,300</u>	<u>2,514,900</u>	<u>2,527,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	704,600	1,369,900	1,437,900	1,165,200	1,166,100
Operating Expenses	347,900	472,900	472,900	388,400	400,000
Grants, Loans or Benefits	25,307,800	1,078,200	1,073,600	944,400	944,400
TOTAL EXPENDITURES	<u>26,360,300</u>	<u>2,921,000</u>	<u>2,984,400</u>	<u>2,498,000</u>	<u>2,510,500</u>
EXPENDITURES BY UNIT					
Program Support	719,500	833,500	863,400	610,500	709,500
Writing Program Administration	333,000	1,143,100	1,176,600	943,100	856,600
Writing Program Grants	1,664,700	944,400	944,400	944,400	944,400
Textbooks	23,643,100				
TOTAL EXPENDITURES	<u>26,360,300</u>	<u>2,921,000</u>	<u>2,984,400</u>	<u>2,498,000</u>	<u>2,510,500</u>

The Curriculum Division developed the curriculum framework based on the academic expectations mandated by the Kentucky Education Reform Act (KERA). The Division now provides guidance and support to schools by:

- developing curriculum aligned with academic expectations and standards and assessments; and
- providing resource information that enhances classroom instruction, such as course outlines and instructional units.

The Curriculum Development Division also coordinates textbook and instructional materials services for the Department of Education and local school districts. Beginning with the 1996-98 biennium, textbook grants will be budgeted within the Management support Services appropriation unit/Office of District Support Services/Division of Finance/Local District Programs.

To help accomplish the above goals, the Division utilizes staff and program support associated with the Regional Service Centers.

EDUCATION
Learning Results Services
Regional Assistance

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	19,588,000	32,929,300	33,363,200	19,131,900	19,323,900
Restricted Agency Funds					
Balance Forward	125,200	89,100	79,100	89,100	79,100
Current Receipts	106,000	132,100	119,000	132,100	119,000
Total Restricted Agency Funds	231,200	221,200	198,100	221,200	198,100
TOTAL FUNDS	19,819,200	33,150,500	33,561,300	19,353,100	19,522,000
EXPENDITURES BY CLASS					
Personnel Costs	6,490,000	8,741,800	9,175,500	6,098,700	6,288,100
Operating Expenses	770,600	1,070,100	1,070,300	656,000	663,200
Grants, Loans or Benefits	12,409,500	23,259,500	23,259,500	12,519,300	12,514,700
Capital Outlay	60,000				
TOTAL EXPENDITURES	19,730,100	33,071,400	33,505,300	19,274,000	19,466,000
EXPENDITURES BY UNIT					
Associate Commissioner	320,600	277,700	288,500	279,000	290,000
Regional Service Centers	2,095,400	2,241,600	2,328,100	2,155,000	2,237,200
School Improvement	17,314,100	30,552,100	30,888,700	16,840,000	16,938,800
TOTAL EXPENDITURES	19,730,100	33,071,400	33,505,300	19,274,000	19,466,000

The Office of Regional Assistance supports and provides technical assistance to schools in achieving expected performance levels through the work of the Regional Service Centers and the Division of School Improvement.

EDUCATION
Learning Results Services
Regional Assistance
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	320,600	277,700	288,500	279,000	290,000
EXPENDITURES BY CLASS					
Personnel Costs	263,000	220,100	230,900	221,400	232,400
Operating Expenses	57,600	57,600	57,600	57,600	57,600
TOTAL EXPENDITURES	<u>320,600</u>	<u>277,700</u>	<u>288,500</u>	<u>279,000</u>	<u>290,000</u>

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Regional Assistance. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Results Services.

EDUCATION
Learning Results Services
Regional Assistance
Regional Service Centers

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,095,400	2,241,600	2,328,100	2,155,000	2,237,200
EXPENDITURES BY CLASS					
Personnel Costs	1,654,700	1,765,100	1,851,600	1,678,500	1,760,700
Operating Expenses	240,700	276,500	276,500	276,500	276,500
Grants, Loans or Benefits	200,000	200,000	200,000	200,000	200,000
TOTAL EXPENDITURES	<u>2,095,400</u>	<u>2,241,600</u>	<u>2,328,100</u>	<u>2,155,000</u>	<u>2,237,200</u>
EXPENDITURES BY UNIT					
Regional Service Center Specialists	1,135,400	1,219,600	1,279,000	1,133,000	1,187,800
Regional Service Centers - KERA	960,000	1,022,000	1,049,100	1,022,000	1,049,400
TOTAL EXPENDITURES	<u>2,095,400</u>	<u>2,241,600</u>	<u>2,328,100</u>	<u>2,155,000</u>	<u>2,237,200</u>

Regional Service Centers serving different areas of the state provide training and technical assistance to districts on implementing the Kentucky Education Reform Act programs. The Centers offer services in the following areas: curriculum alignment and assessment, preschool and primary school, instructional technology, school-based decision making, and family and youth services. In addition to providing services directly to the districts, the Centers ensure that teachers are receiving needed professional development training. In so doing, the Regional Service Centers work closely with educational consortia, to ensure that training being provided is relevant and responsive to the teacher's needs.

EDUCATION
Learning Results Services
Regional Assistance
School Improvement

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,172,000	30,410,000	30,746,600	16,697,900	16,796,700
Restricted Agency Funds					
Balance Forward	125,200	89,100	79,100	89,100	79,100
Current Receipts	106,000	132,100	119,000	132,100	119,000
Total Restricted Agency Funds	231,200	221,200	198,100	221,200	198,100
TOTAL FUNDS	17,403,200	30,631,200	30,944,700	16,919,100	16,994,800
EXPENDITURES BY CLASS					
Personnel Costs	4,572,300	6,756,600	7,093,000	4,198,800	4,295,000
Operating Expenses	472,300	736,000	736,200	321,900	329,100
Grants, Loans or Benefits	12,209,500	23,059,500	23,059,500	12,319,300	12,314,700
Capital Outlay	60,000				
TOTAL EXPENDITURES	17,314,100	30,552,100	30,888,700	16,840,000	16,938,800
EXPENDITURES BY UNIT					
Program Services	432,300	450,400	467,100	440,000	474,800
School Rewards	10,000,000	19,000,000	19,000,000	10,000,000	10,000,000
Commonwealth School Improvement Fund-KERA	2,500,000	4,357,300	4,367,900	2,500,000	2,500,000
Distinguished Educators - KERA	4,381,800	6,744,400	7,053,700	3,900,000	3,964,000
TOTAL EXPENDITURES	17,314,100	30,552,100	30,888,700	16,840,000	16,938,800

The Division of School Improvement supports and provides technical assistance to schools that fail to achieve expected performance levels and provides rewards to schools that achieve higher than expected performance levels.

Commonwealth School Improvement Fund/Distinguished Educators

Based on the accountability index and accompanying baselines/thresholds (derived from 1995 and 1996 KIRIS test scores and noncognitive data such as dropout rates compared to the average of 1993 and 1994 test scores and noncognitive data), schools will be assessed in early 1997. The State Board of Elementary and Secondary Education has adopted a formula recommended by the Department of Education to determine when a school is either eligible for special state assistance or subject to sanctions. Based on 1995 and 1996 testing and noncognitive data, if a school's performance declines below its baseline (based on the average of 1993 and 1994) and also falls below its expected threshold in the second year of the biennium, then the school is declared "in decline" and will qualify for special assistance from the Department of Education. This assistance will take the form of the services of a Distinguished Educator who will work with the school to develop and implement an improvement plan and a grant from the Commonwealth School Improvement Fund to help formulate/implement its plan. If a school maintains its baseline performance but fails to achieve its threshold goals, it will qualify for a smaller Commonwealth School Improvement Fund grant.

School Rewards

As part of House Bill 940/Kentucky Education Reform Act, the 1990 General Assembly established a School Rewards program. Appropriations have been made during the 1990-92, 1992-94, and 1994-96 biennia to the Successful Schools Trust Fund. It is estimated that there will be approximately \$40 million in the fund at the end of fiscal year 1995-96.

The State Board for Elementary and Secondary Education, based on recommendations from the Department of Education, has promulgated administrative regulations to establish a system of determining successful schools and rewarding certified staff in such schools. Based on the results of the first accountability cycle, rewards in the amount of approximately \$26 million were distributed in the Spring of 1995 to approximately 480 schools and 42 local school districts. Current policy assumes a second round of rewards in the Spring of 1997.

Policy

The enacted Budget of the Commonwealth contains language which effective July 1, 1996, reduces the salary supplement added to the salary of a Distinguished Educator from 50 percent to 35 percent of their annual salary for each year of service in that capacity. This salary supplement shall not be included in the total salary compensation calculation for any cost-of-living adjustment or retirement benefits to which the employee may be entitled. Also, effective July 1, 1996, no person shall be assigned as a Distinguished Educator for a period exceeding two years.

EDUCATION
Learning Support Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	157,156,800	193,886,300	204,895,100	161,816,500	164,455,800
Restricted Agency Funds					
Balance Forward	575,300	243,800	166,900	243,800	186,200
Current Receipts	1,227,200	1,338,800	1,372,900	1,408,800	1,442,900
Total Restricted Agency Funds	<u>1,802,500</u>	<u>1,582,600</u>	<u>1,539,800</u>	<u>1,652,600</u>	<u>1,629,100</u>
Federal Funds					
Balance Forward	346,500	293,900	365,700	293,900	376,100
Current Receipts	199,431,500	199,446,300	199,458,100	199,446,300	199,458,100
Non-Revenue Receipts	196,100	196,400	199,900	196,400	199,900
Revenue Redistribution	7,119,300	7,126,700	7,135,000	7,126,700	7,135,000
Total Federal Funds	<u>207,093,400</u>	<u>207,063,300</u>	<u>207,158,700</u>	<u>207,063,300</u>	<u>207,169,100</u>
TOTAL FUNDS	<u>366,052,700</u>	<u>402,532,200</u>	<u>413,593,600</u>	<u>370,532,400</u>	<u>373,254,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	20,074,900	23,342,100	24,586,100	20,613,600	21,589,800
Operating Expenses	4,814,900	5,860,900	5,763,700	4,832,800	4,893,900
Grants, Loans or Benefits	340,482,400	371,513,100	381,823,000	344,430,800	346,206,500
Capital Outlay	142,800	1,127,600	858,000	92,900	92,900
TOTAL EXPENDITURES	<u>365,515,000</u>	<u>401,843,700</u>	<u>413,030,800</u>	<u>369,970,100</u>	<u>372,783,100</u>
EXPENDITURES BY UNIT					
Deputy Commissioner	502,400	531,800	547,400	512,300	529,100
Learning Programs					
Development	157,856,900	187,107,000	196,761,200	160,361,200	163,364,000
Special Instructional Services	201,204,100	205,688,400	206,792,600	202,119,800	201,647,800
Teacher Education and Certification	5,951,600	8,516,500	8,929,600	6,976,800	7,242,200
TOTAL EXPENDITURES	<u>365,515,000</u>	<u>401,843,700</u>	<u>413,030,800</u>	<u>369,970,100</u>	<u>372,783,100</u>

The Learning Support Services program is headed by a Deputy Commissioner and consists of the Office of Learning Program Development, Office of Special Instructional Services, and the Office of Teacher Education and Certification.

EDUCATION
Learning Support Services
Deputy Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	243,300	270,000	282,300	250,500	264,000
Federal Funds					
Balance Forward	43,100	27,600	15,800	27,600	15,800
Current Receipts	243,600	250,000	255,800	250,000	255,800
Total Federal Funds	286,700	277,600	271,600	277,600	271,600
TOTAL FUNDS	530,000	547,600	553,900	528,100	535,600
EXPENDITURES BY CLASS					
Personnel Costs	355,000	379,700	395,300	381,600	397,300
Operating Expenses	53,600	58,300	58,300	36,900	38,000
Grants, Loans or Benefits	93,800	93,800	93,800	93,800	93,800
TOTAL EXPENDITURES	502,400	531,800	547,400	512,300	529,100
EXPENDITURES BY UNIT					
Policy Support	243,300	270,000	282,300	250,500	264,000
Head Start	173,300	176,000	179,300	176,000	179,300
National Cooperative Education System Project	85,800	85,800	85,800	85,800	85,800
TOTAL EXPENDITURES	502,400	531,800	547,400	512,300	529,100

The Deputy Commissioner and associated support staff provide policy and administrative direction for the Learning Support Services major program area. The Deputy Commissioner reports directly to the Commissioner of Education.

EDUCATION
Learning Support Services
Learning Programs Development

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	144,011,500	173,701,300	183,334,500	146,985,200	149,971,700
Restricted Agency Funds					
Balance Forward	386,100	145,200	112,100	145,200	131,400
Current Receipts	805,700	871,200	874,700	871,200	874,700
Total Restricted Agency Funds	<u>1,191,800</u>	<u>1,016,400</u>	<u>986,800</u>	<u>1,016,400</u>	<u>1,006,100</u>
Federal Funds					
Balance Forward	147,500	55,600	40,900	55,600	51,300
Current Receipts	12,706,900	12,486,700	12,519,600	12,486,700	12,519,600
Total Federal Funds	<u>12,854,400</u>	<u>12,542,300</u>	<u>12,560,500</u>	<u>12,542,300</u>	<u>12,570,900</u>
TOTAL FUNDS	<u>158,057,700</u>	<u>187,260,000</u>	<u>196,881,800</u>	<u>160,543,900</u>	<u>163,548,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,764,600	15,793,800	16,686,600	14,074,000	14,752,300
Operating Expenses	2,231,800	2,672,300	2,674,500	2,236,800	2,285,800
Grants, Loans or Benefits	141,717,700	167,563,700	176,609,800	143,957,500	146,233,000
Capital Outlay	142,800	1,077,200	790,300	92,900	92,900
TOTAL EXPENDITURES	<u>157,856,900</u>	<u>187,107,000</u>	<u>196,761,200</u>	<u>160,361,200</u>	<u>163,364,000</u>
EXPENDITURES BY UNIT					
Associate Commissioner	169,000	219,800	230,300	217,200	227,800
Primary Education	2,055,400	2,815,400	2,875,900	2,073,300	2,090,000
Preschool Education	47,006,400	59,901,900	63,332,500	48,133,900	49,295,700
School Based Decision Making	363,300	500,600	521,400	381,400	397,800
Student/Family Support Services	73,467,500	79,591,600	85,091,800	74,743,000	75,957,000
Professional Development	22,494,600	29,129,200	29,328,400	22,331,900	22,357,200
Kentucky School for the Blind	4,503,500	5,581,100	5,587,400	4,651,500	4,857,200
Kentucky School for the Deaf	7,797,200	9,367,400	9,793,500	7,829,000	8,181,300
TOTAL EXPENDITURES	<u>157,856,900</u>	<u>187,107,000</u>	<u>196,761,200</u>	<u>160,361,200</u>	<u>163,364,000</u>

The Office of Learning Program Development consists of five divisions: Primary Education; Preschool; School-Based Decision Making; Student/Family Support Services; and Professional Development. Pursuant to Executive Order 95-112 ratified by the 1996 General Assembly, the Kentucky School for the Blind and the Kentucky School for the Deaf are also located within this Office for organizational and liaison purposes.

EDUCATION
Learning Support Services
Learning Program Development
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	169,000	219,800	230,300	217,200	227,800
EXPENDITURES BY CLASS					
Personnel Costs	164,600	210,400	220,900	210,900	221,400
Operating Expenses	4,400	9,400	9,400	6,300	6,400
TOTAL EXPENDITURES	<u>169,000</u>	<u>219,800</u>	<u>230,300</u>	<u>217,200</u>	<u>227,800</u>

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Learning Program Development. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Support Services.

EDUCATION
Learning Support Services
Learning Program Development
Primary Education

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	279,100	1,038,100	1,097,600	296,000	311,700
Restricted Agency Funds					
Balance Forward		200	300	200	300
Current Receipts	27,900	27,800	27,500	27,800	27,500
Total Restricted Agency Funds	27,900	28,000	27,800	28,000	27,800
Federal Funds					
Balance Forward	900	900	500	900	500
Current Receipts	1,748,600	1,749,200	1,750,200	1,749,200	1,750,200
Total Federal Funds	1,749,500	1,750,100	1,750,700	1,750,100	1,750,700
TOTAL FUNDS	2,056,500	2,816,200	2,876,100	2,074,100	2,090,200
EXPENDITURES BY CLASS					
Personnel Costs	249,400	261,900	274,900	286,900	301,300
Operating Expenses	94,700	97,700	97,700	75,100	77,400
Grants, Loans or Benefits	1,711,300	2,455,800	2,503,300	1,711,300	1,711,300
TOTAL EXPENDITURES	2,055,400	2,815,400	2,875,900	2,073,300	2,090,000
EXPENDITURES BY UNIT					
Program Support	279,100	293,600	305,600	296,000	311,700
Primary Institute Conference	27,700	27,700	27,700	27,700	27,700
Federal Even Start	1,748,600	1,749,600	1,750,600	1,749,600	1,750,600
Elementary Resource Teacher Program		744,500	792,000		
TOTAL EXPENDITURES	2,055,400	2,815,400	2,875,900	2,073,300	2,090,000

The Primary Education Division is responsible for technical assistance and support to local school districts in implementing the ungraded primary program.

The ungraded primary concept abolishes traditional grade levels, K3, for the purpose of combining children into multiage groupings based on their skill level. The important features of the ungraded primary program are: students receive developmentally appropriate instruction; students progress at their own rate without threat of retention; continual assessment of the student by the teacher(s); and team teaching by teachers. The enacted budget contains language which permits the school council or, if none exists, the school to determine the organization of its ungraded primary including the extent to which multi-age groupings are necessary to implement the critical attributes.

EDUCATION
Learning Support Services
Learning Program Development
Preschool Education

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	37,004,500	49,882,600	53,294,900	38,114,600	39,258,100
Federal Funds					
Balance Forward	27,800	28,800	15,800	28,800	15,800
Current Receipts	10,002,900	10,006,300	10,038,300	10,006,300	10,038,300
Total Federal Funds	<u>10,030,700</u>	<u>10,035,100</u>	<u>10,054,100</u>	<u>10,035,100</u>	<u>10,054,100</u>
TOTAL FUNDS	<u>47,035,200</u>	<u>59,917,700</u>	<u>63,349,000</u>	<u>48,149,700</u>	<u>49,312,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	554,100	581,500	610,300	511,300	537,100
Operating Expenses	190,100	190,300	190,400	158,400	163,100
Grants, Loans or Benefits	46,262,200	59,130,100	62,531,800	47,464,200	48,595,500
TOTAL EXPENDITURES	<u>47,006,400</u>	<u>59,901,900</u>	<u>63,332,500</u>	<u>48,133,900</u>	<u>49,295,700</u>
EXPENDITURES BY UNIT					
PreKindergarten-KERA	37,004,500	49,882,600	53,294,900	38,114,600	39,258,100
Federal Early Childhood	10,001,900	10,019,300	10,037,600	10,019,300	10,037,600
TOTAL EXPENDITURES	<u>47,006,400</u>	<u>59,901,900</u>	<u>63,332,500</u>	<u>48,133,900</u>	<u>49,295,700</u>

The Kentucky Education Reform Act mandates that school districts provide a half-day preschool program for children considered at risk of educational failure (defined as being eligible for free lunch under the federal guidelines). Districts are also under a federal mandate to provide preschool services to all three- and four-year old children with disabilities. Districts receive federal funding for early childhood programs for handicapped children. The federal funding supplements the funds received for the Kentucky Education Reform at-risk/preschool program. Both components are integrated into one program. Each district is to provide a developmentally appropriate program that includes at least two and one-half hours of preschool instructional programs and a half hour for a meal. Health services are also provided, including vision and developmental screenings, and a routine physical exam.

The federal Head Start grant provides funds to establish a mechanism to ensure coordination between the Head Start program and Kentucky's preschool program.

As of December 1995, approximately 15,300 students were enrolled in the state-funded preschool program. Approximately 7,700 were at-risk\income eligible only. Approximately 7,600 eligible three- and four-year olds with disabilities were enrolled. Head Start served an additional 8,300 children eligible for the KERA Preschool program.

EDUCATION
Learning Support Services
Learning Program Development
School-Based Decision Making

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	363,300	500,600	521,400	381,400	397,800
EXPENDITURES BY CLASS					
Personnel Costs	285,100	414,300	435,100	323,900	340,300
Operating Expenses	28,300	39,100	39,100	30,300	30,300
Grants, Loans or Benefits	49,900	47,200	47,200	27,200	27,200
TOTAL EXPENDITURES	363,300	500,600	521,400	381,400	397,800

The School-Based Decision Making division is responsible for working with local districts and schools to establish effective school councils. This Division assists school councils and local boards of education in interpreting the law concerning the powers and duties of the school councils relative to the local board of education, and also helps train and provide technical assistance to council members.

EDUCATION
Learning Support Services
Learning Program Development
Student/Family Support Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,410,400	78,592,100	84,088,600	73,773,000	74,987,000
Restricted Agency Funds					
Balance Forward	60,500	14,100	13,400	14,100	32,700
Current Receipts	617,500	653,600	657,200	653,600	657,200
Total Restricted Agency Funds	678,000	667,700	670,600	667,700	689,900
Federal Funds					
Balance Forward	100	600	400	600	10,600
Current Receipts	393,700	345,000	345,100	345,000	345,100
Total Federal Funds	393,800	345,600	345,500	345,600	355,700
TOTAL FUNDS	73,482,200	79,605,400	85,104,700	74,786,300	76,032,600
EXPENDITURES BY CLASS					
Personnel Costs	1,032,300	1,346,000	1,408,200	1,027,300	1,089,200
Operating Expenses	273,500	362,100	360,000	262,100	260,000
Grants, Loans or Benefits	72,161,700	77,883,500	83,323,600	73,453,600	74,607,800
TOTAL EXPENDITURES	73,467,500	79,591,600	85,091,800	74,743,000	75,957,000
EXPENDITURES BY UNIT					
Program Services	1,126,800	1,853,200	1,955,000	1,347,100	1,357,600
Federal Programs	1,035,900	999,500	1,003,200	971,100	973,400
Extended School Services - KERA	33,953,500	34,030,600	34,060,500	33,952,600	34,000,000
Family Resource/Youth Services Centers-KERA	37,351,300	42,708,300	48,073,100	38,472,200	39,626,000
TOTAL EXPENDITURES	73,467,500	79,591,600	85,091,800	74,743,000	75,957,000

The Division of Student/Family Support Services provides technical assistance to local school districts to increase their awareness of the resources available for at-risk students as well as to offer strategies to improve the coordination of those resources and recommend ways to expand their existing array of resources. This Division has responsibility relating to the following: Extended School Services; Family Resource and Youth Service Centers; various dropout prevention programs; and Community Education.

The Extended School Services program, part of the Kentucky Education Reform Act, provides services to students who need additional instruction beyond the scope of the regular classroom instruction period. Additional instructional services are provided outside of the regular school day, including before and after school sessions, evening and Saturday sessions, and summer sessions. The program instructors may provide direct instruction, tutoring, counseling, and study skill reinforcement. All local districts receive funding for Extended School Services with part of the allocation based on the district's average daily attendance, and part based upon the level of need as determined by district KIRIS assessment scores, dropout rates, and the number of students eligible for the free lunch program.

Family Resource Centers and Youth Service Centers provide services, or access services from within the community, for children and their parents. Family Resource Centers are intended to serve children who are two through twelve years of age and are located in, or near, an eligible elementary school. The Youth Service Centers are located in, or near, an eligible middle or high school. In order for a school to be eligible for a Youth or Family Center, at least 20 percent of the school's student body must qualify for free school meals (however, all children, regardless of their family's income, may receive services from the Center). The Family Resource Centers are to provide directly, or access from within the community, preschool child care for two and three year olds; after school child care for children who are four through twelve years of age; health services; training for new and expectant parents; and parentchild literacy training. The Centers are also to provide support to private day care providers. The Youth Service Centers are to provide directly, or referrals for, health and social services; employment counseling, training and placement; drug and alcohol abuse counseling; and mental health counseling.

Appropriations are made to the Department of Education for the Centers and then transferred to the Cabinet for Families and Children (former Cabinet for Human Resources) which provides administrative support and liaison to the local districts and schools operating the Centers.

Dropout prevention services are offered via three main programs. The Appalachian Regional Commission dropout program provides resources to Appalachian counties with high dropout rates for innovative programs to keep students in school. The Job Training Partnership Act dropout program consists of remediation and career development for students at risk of dropping out or who are economically disadvantaged. Kentucky's state-funded dropout program is targeted to districts with high dropout rates and specifically targets students most vulnerable to dropping out.

The Community Education program provides funds to local districts to enable them to offer learning opportunities for persons of all ages, backgrounds, and needs and to facilitate optimal use of schools by the total community.

Policy

Included in Program Services is an additional \$250,000 in General Fund moneys in each fiscal year for Community Education Grants.

The enacted budget also includes new General Fund moneys of approximately \$1.1 million in fiscal year 1996-97 and approximately \$2.3 million in fiscal year 1997-98 for Family Resource and Youth Services Centers. This will provide for approximately 33 centers by the end of the biennium.

EDUCATION
Learning Support Services
Learning Program Development
Professional Development

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,066,700	28,823,100	29,020,000	22,026,000	22,050,000
Restricted Agency Funds					
Balance Forward	10,200	10,200	10,200	10,200	10,200
Current Receipts	41,600	54,800	55,000	54,800	55,000
Total Restricted Agency Funds	51,800	65,000	65,200	65,000	65,200
Federal Funds					
Balance Forward	700		2,600		2,800
Current Receipts	385,600	253,900	253,700	253,900	253,700
Total Federal Funds	386,300	253,900	256,300	253,900	256,500
TOTAL FUNDS	22,504,800	29,142,000	29,341,500	22,344,900	22,371,700
EXPENDITURES BY CLASS					
Personnel Costs	754,700	828,700	866,700	815,300	846,200
Operating Expenses	262,900	291,400	291,500	253,400	253,500
Grants, Loans or Benefits	21,477,000	28,009,100	28,170,200	21,263,200	21,257,500
TOTAL EXPENDITURES	22,494,600	29,129,200	29,328,400	22,331,900	22,357,200
EXPENDITURES BY UNIT					
Program Services	6,808,300	10,212,900	10,394,600	7,043,000	7,053,600
Staff Development-KERA	14,500,000	17,500,000	17,500,000	14,500,000	14,500,000
Principal/Superintendent					
Training-KERA	800,000	800,000	806,300	287,800	300,000
Federal Programs	386,300	616,300	627,500	501,100	503,600
TOTAL EXPENDITURES	22,494,600	29,129,200	29,328,400	22,331,900	22,357,200

The Division of Professional Development is responsible for administering the principal/superintendent assessment program and staff development, and also provides direction to local school districts in the training of their personnel in the Kentucky Education Reform Act initiatives.

Principal/Superintendent Assessment - All superintendents and principals are required to complete a training and assessment program in order to continue working in the school districts. Programs offered at the superintendent and principal assessment centers include such topics as management, Kentucky school law, school finance, school-based decision making, and curriculum assessment.

Staff Development - Staff Development is provided to certified school employees on the major Kentucky Education Reform Act initiatives, including schoolbased decision making, performancebased student assessment, and the ungraded primary. Districts are required to join a consortium with other districts in order to effectively plan staff development activities. Funding for staff development is based on a district's enrollment.

The Division of Professional Development also contains the Gifted and Talented program within the Program Support area.

Policy

The enacted budget includes a decrease in funding for the Principal and Superintendent Assessment program. House Bill 99, enacted during the 1996 Regular Session of the General Assembly, abolishes the current principal assessment center. Existing principals have already received assessment; it is envisioned that new principals would receive comparable training as part of the academic programs at the various colleges of education. The remaining funding in this area would be used for continued support of the superintendent assessment function.

EDUCATION
Learning Support Services
Learning Program Development
Kentucky School for the Blind

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,356,000	5,471,200	5,481,800	4,541,600	4,751,600
Restricted Agency Funds					
Balance Forward	156,400	120,700	88,200	120,700	88,200
Current Receipts	42,800	35,000	35,000	35,000	35,000
Total Restricted Agency Funds	<u>199,200</u>	<u>155,700</u>	<u>123,200</u>	<u>155,700</u>	<u>123,200</u>
Federal Funds					
Balance Forward	29,300	25,300	20,500	25,300	20,500
Current Receipts	65,000	37,600	37,600	37,600	37,600
Total Federal Funds	<u>94,300</u>	<u>62,900</u>	<u>58,100</u>	<u>62,900</u>	<u>58,100</u>
TOTAL FUNDS	<u>4,649,500</u>	<u>5,689,800</u>	<u>5,663,100</u>	<u>4,760,200</u>	<u>4,932,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,906,400	4,399,600	4,656,300	4,044,400	4,237,000
Operating Expenses	518,900	596,100	583,800	566,400	583,800
Grants, Loans or Benefits	55,600	38,000	33,700	38,000	33,700
Capital Outlay	22,600	547,400	313,600	2,700	2,700
TOTAL EXPENDITURES	<u>4,503,500</u>	<u>5,581,100</u>	<u>5,587,400</u>	<u>4,651,500</u>	<u>4,857,200</u>
EXPENDITURES BY UNIT					
Instructional Services	1,913,900	2,810,900	2,753,700	2,037,700	2,117,100
Residential Services	888,100	1,002,200	1,009,500	936,200	988,400
Operational Support	1,302,700	1,392,100	1,440,700	1,317,600	1,379,500
Outreach Services	251,300	266,000	277,900	250,100	266,600
Federal Support	69,000	42,400	38,100	42,400	38,100
Miscellaneous Receipts	78,500	67,500	67,500	67,500	67,500
TOTAL EXPENDITURES	<u>4,503,500</u>	<u>5,581,100</u>	<u>5,587,400</u>	<u>4,651,500</u>	<u>4,857,200</u>

The four subprograms of the Kentucky School for the Blind are Instruction, Residential, Operational Support and Outreach. These subprograms work together to provide instructional and residential programs for students of the School. All four subprograms involve both direct services to students and related services which are necessary to accomplish the direct services.

Instruction and Related Services includes supervision, teaching, supplies, equipment, and clerical services, all of which are needed for the regular instruction of the students enrolled at the Kentucky School for the Blind. Tools utilized are Braille, large print, electronic aids, and other special aids and methods in the areas of basic academic skills, vocational skills, self-care skills, orientation and mobility, music, physical education, athletics, and counseling.

Residential Services include those services which are needed to provide housing, daily living skills, and leisure time activities for students who reside at the Kentucky School for the Blind in order to participate in the instructional program. This subprogram also deals with transportation arrangements when residential students go home on weekends and at the end of the school year.

Operational Support includes administration, business management, food service, housekeeping, utilities and other operating expenses, maintenance of buildings and grounds, and health care. The positions of Superintendent and Coordinator of Instruction and Related Services are included in this subprogram.

The Outreach program provides consultative, technical and evaluative support to local school districts relating to education of local school students who are blind or visually impaired.

Federal Support includes funds to support federally mandated services. Funds received under Chapter I of the Education Consolidation and Improvement Act are used to provide services in the areas of speech therapy and basic skills instruction. Federal funds are also used to provide instruction and residential services for deablinde children.

EDUCATION
Learning Support Services
Learning Program Development
Kentucky School for the Deaf

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,362,500	9,173,800	9,599,900	7,635,400	7,987,700
Restricted Agency Funds					
Balance Forward	159,000				
Current Receipts	75,900	100,000	100,000	100,000	100,000
Total Restricted Agency Funds	234,900	100,000	100,000	100,000	100,000
Federal Funds					
Balance Forward	88,700		1,100		1,100
Current Receipts	111,100	94,700	94,700	94,700	94,700
Total Federal Funds	199,800	94,700	95,800	94,700	95,800
TOTAL FUNDS	7,797,200	9,368,500	9,795,700	7,830,100	8,183,500
EXPENDITURES BY CLASS					
Personnel Costs	6,818,000	7,751,400	8,214,200	6,854,000	7,179,800
Operating Expenses	859,000	1,086,200	1,102,600	884,800	911,300
Capital Outlay	120,200	529,800	476,700	90,200	90,200
TOTAL EXPENDITURES	7,797,200	9,367,400	9,793,500	7,829,000	8,181,300
EXPENDITURES BY UNIT					
Instructional Services	3,000,900	3,883,100	4,017,400	3,106,500	3,264,200
Residential Services	1,611,000	1,808,800	1,894,200	1,790,900	1,879,700
Operational Support	2,140,300	2,372,300	2,451,500	2,163,500	2,242,200
Outreach Services	610,300	1,062,800	1,187,600	574,500	601,600
Federal Support	199,800	93,600	93,600	93,600	93,600
Miscellaneous Receipts	234,900	146,800	149,200	100,000	100,000
TOTAL EXPENDITURES	7,797,200	9,367,400	9,793,500	7,829,000	8,181,300

The Kentucky School for the Deaf provides educational services to deaf children who cannot be served by local school districts. The School's educational program consists of appropriate classroom instruction, life skills, physical education, and vocational training. Students receive instruction in accordance with their Individual Education Plan which emphasizes language and communication skills development.

Students at the Kentucky School for the Deaf are housed in six campus dormitories and are supervised by houseparents. The students receive practical living skills instruction in such areas as personal safety, hygiene, and independent living skills.

The Kentucky School for the Deaf also supports an outreach program which provides consultative, technical, and evaluative support to local school districts on how to effectively provide educational services to deaf children attending school in a local district.

EDUCATION
Learning Support Services
Special Instructional Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,384,400	11,834,300	12,786,400	8,109,800	7,485,600
Restricted Agency Funds					
Balance Forward	189,000	98,400	54,500	98,400	54,500
Current Receipts	384,800	430,800	461,200	430,800	461,200
Total Restricted Agency Funds	573,800	529,200	515,700	529,200	515,700
Federal Funds					
Balance Forward	82,000	196,000	293,800	196,000	293,800
Current Receipts	186,142,900	186,310,000	186,281,200	186,310,000	186,281,200
Non-Revenue Receipts	196,100	196,400	199,900	196,400	199,900
Revenue Redistribution	7,119,300	7,126,700	7,135,000	7,126,700	7,135,000
Total Federal Funds	193,540,300	193,829,100	193,909,900	193,829,100	193,909,900
TOTAL FUNDS	201,498,500	206,192,600	207,212,000	202,468,100	201,911,200
EXPENDITURES BY CLASS					
Personnel Costs	4,367,500	5,141,300	5,382,100	4,638,000	4,853,500
Operating Expenses	2,118,500	2,331,100	2,305,200	2,066,500	2,079,000
Grants, Loans or Benefits	194,718,100	198,184,000	199,105,300	195,415,300	194,715,300
Capital Outlay		32,000			
TOTAL EXPENDITURES	201,204,100	205,688,400	206,792,600	202,119,800	201,647,800
EXPENDITURES BY UNIT					
Associate Commissioner	165,400	173,000	180,800	934,800	246,200
Exceptional Children Services	36,824,800	37,821,900	37,953,700	36,952,800	37,027,800
Secondary Vocational Education	13,908,500	17,321,900	18,214,700	13,860,600	13,930,400
Program Resources	150,305,400	150,371,600	150,443,400	150,371,600	150,443,400
TOTAL EXPENDITURES	201,204,100	205,688,400	206,792,600	202,119,800	201,647,800

The Office of Special Instructional Services coordinates three divisions: Exceptional Children Services; Secondary Vocational Education, and Program Resources.

EDUCATION
Learning Support Services
Special Instructional Services
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	165,400	173,000	180,800	934,800	246,200
EXPENDITURES BY CLASS					
Personnel Costs	148,100	155,700	163,500	222,000	233,000
Operating Expenses	17,300	17,300	17,300	12,800	13,200
Grants, Loans or Benefits				700,000	
TOTAL EXPENDITURES	165,400	173,000	180,800	934,800	246,200

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Special Instructional Services. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Support Services.

Policy

The enacted budget provides additional General Fund support totaling \$700,000 in fiscal year 1996-97 to provide or contract for education services for incarcerated juveniles placed in a secure juvenile detention facility or a juvenile holding facility. Language in the enacted budget requires the Kentucky Department of Education to assure that students identified before incarceration as having an educational disability are provided specially designed instruction as required by state and federal law to the extent possible in a detention setting. In fiscal year 1997-98, the funding and the program will be located in the Justice Cabinet/Justice Administration.

EDUCATION
Learning Support Services
Special Instructional Services
Exceptional Children Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	755,100	1,793,500	1,854,700	768,500	772,900
Restricted Agency Funds					
Balance Forward	41,800	3,000	3,100	3,000	3,100
Current Receipts	14,000	50,100	50,500	50,100	50,500
Total Restricted Agency Funds	<u>55,800</u>	<u>53,100</u>	<u>53,600</u>	<u>53,100</u>	<u>53,600</u>
Federal Funds					
Balance Forward	53,300	51,700	48,300	51,700	48,300
Current Receipts	36,015,300	36,130,900	36,171,300	36,130,900	36,171,300
Total Federal Funds	<u>36,068,600</u>	<u>36,182,600</u>	<u>36,219,600</u>	<u>36,182,600</u>	<u>36,219,600</u>
TOTAL FUNDS	<u>36,879,500</u>	<u>38,029,200</u>	<u>38,127,900</u>	<u>37,004,200</u>	<u>37,046,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,658,700	2,100,300	2,190,600	1,789,200	1,863,900
Operating Expenses	743,700	941,700	915,700	744,000	744,300
Grants, Loans or Benefits	34,422,400	34,751,900	34,847,400	34,419,600	34,419,600
Capital Outlay		28,000			
TOTAL EXPENDITURES	<u>36,824,800</u>	<u>37,821,900</u>	<u>37,953,700</u>	<u>36,952,800</u>	<u>37,027,800</u>
EXPENDITURES BY UNIT					
Program Services	805,100	1,843,500	1,904,700	818,500	822,900
Federal Services	36,019,700	36,134,300	36,204,900	36,134,300	36,204,900
TOTAL EXPENDITURES	<u>36,824,800</u>	<u>37,977,800</u>	<u>38,109,600</u>	<u>36,952,800</u>	<u>37,027,800</u>

The Division of Exceptional Children Services provides training to educators who provide services to disabled children and administers the exceptional children federal grant program.

The Division provides financial support to the Kentucky School for the Blind and the Kentucky School for the Deaf to assist with the students weekend travel to their home towns.

The Division also oversees administration of the federal Individuals with Disabilities Education Act (IDEA) grant which goes to local districts to cover the excess cost of providing a free and appropriate public education to children and youth with educational disabilities.

Training and technical assistance is provided to the state's 176 school districts and 20 agencies that work with students with diverse needs.

EDUCATION
Learning Support Services
Special Instructional Services
Secondary Vocational Education

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,463,900	9,867,800	10,750,900	6,406,500	6,466,500
Restricted Agency Funds					
Balance Forward	124,800	83,000	39,000	83,000	39,000
Current Receipts	283,500	283,400	313,200	283,400	313,200
Total Restricted Agency Funds	<u>408,300</u>	<u>366,400</u>	<u>352,200</u>	<u>366,400</u>	<u>352,200</u>
Federal Funds					
Balance Forward	3,100	3,100	3,100	3,100	3,100
Revenue Redistribution	7,119,300	7,126,700	7,135,000	7,126,700	7,135,000
Total Federal Funds	<u>7,122,400</u>	<u>7,129,800</u>	<u>7,138,100</u>	<u>7,129,800</u>	<u>7,138,100</u>
TOTAL FUNDS	<u>13,994,600</u>	<u>17,364,000</u>	<u>18,241,200</u>	<u>13,902,700</u>	<u>13,956,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,197,700	1,453,900	1,524,900	1,195,400	1,253,500
Operating Expenses	434,400	451,200	451,200	388,800	400,500
Grants, Loans or Benefits	12,276,400	15,412,800	16,238,600	12,276,400	12,276,400
Capital Outlay		4,000			
TOTAL EXPENDITURES	<u>13,908,500</u>	<u>17,321,900</u>	<u>18,214,700</u>	<u>13,860,600</u>	<u>13,930,400</u>
EXPENDITURES BY UNIT					
Program Services	6,789,200	10,120,000	11,001,400	6,733,900	6,796,100
Federal Programs	7,119,300	7,201,900	7,213,300	7,126,700	7,134,300
TOTAL EXPENDITURES	<u>13,908,500</u>	<u>17,321,900</u>	<u>18,214,700</u>	<u>13,860,600</u>	<u>13,930,400</u>

The Division of Secondary Vocational Education provides technical assistance, consultative services, staff development and program monitoring to secondary vocational education programs in local school districts and area vocational education centers.

The Carl Perkins Vocational and Applied Technology Education Act provides for distribution of federal vocational educational funds to local school districts offering approved secondary vocational education programs. The Division of Secondary Vocational Education administers these funds according to guidelines for implementation of the Carl D. Perkins Vocational and Applied Technology Education Act as prescribed in Public Law 98254.

Funding is provided to districts operating a local vocational school or vocational department within a school to help cover the administrative and operational costs of providing the vocational programs.

The Future Farmers of American (FFA) Camp facility provides training in leadership development primarily to vocational organizations in the summer months. Participants generally spend three to five days at FFA Camp and receive intensive leadership training.

EDUCATION
Learning Support Services
Special Instructional Services
Program Resources

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	22,400	12,400	12,400	12,400	12,400
Current Receipts	87,300	97,300	97,500	97,300	97,500
Total Restricted Agency Funds	<u>109,700</u>	<u>109,700</u>	<u>109,900</u>	<u>109,700</u>	<u>109,900</u>
Federal Funds					
Balance Forward	25,600	141,200	242,400	141,200	242,400
Current Receipts	150,127,600	150,179,100	150,109,900	150,179,100	150,109,900
Non-Revenue Receipts	196,100	196,400	199,900	196,400	199,900
Total Federal Funds	<u>150,349,300</u>	<u>150,516,700</u>	<u>150,552,200</u>	<u>150,516,700</u>	<u>150,552,200</u>
TOTAL FUNDS	<u>150,459,000</u>	<u>150,626,400</u>	<u>150,662,100</u>	<u>150,626,400</u>	<u>150,662,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,363,000	1,431,400	1,503,100	1,431,400	1,503,100
Operating Expenses	923,100	920,900	921,000	920,900	921,000
Grants, Loans or Benefits	148,019,300	148,019,300	148,019,300	148,019,300	148,019,300
TOTAL EXPENDITURES	<u>150,305,400</u>	<u>150,371,600</u>	<u>150,443,400</u>	<u>150,371,600</u>	<u>150,443,400</u>
EXPENDITURES BY UNIT					
Program Support	97,300	97,300	97,300	97,300	97,300
Chapter I	127,482,300	127,529,500	127,579,200	127,529,500	127,579,200
Chapter II	7,450,000	7,458,100	7,466,600	7,458,100	7,466,600
Other Federal Programs	15,275,800	15,286,700	15,300,300	15,286,700	15,300,300
TOTAL EXPENDITURES	<u>150,305,400</u>	<u>150,371,600</u>	<u>150,443,400</u>	<u>150,371,600</u>	<u>150,443,400</u>

The Division of Program Resources administers many of the Department of Education's federal grant programs.

The Chapter I program provides remedial and supplementary educational services to disadvantaged students who meet at least one of the following criteria: educationally deprived, migrant, neglected or delinquent, handicapped and currently or formerly institutionalized, or confined in a correctional facility.

Chapter II of the Education Consolidation and Improvement Act of 1981 identifies six purposes for which funds must be targeted: programs for atrisk students; programs to acquire and use instructional materials; innovative programs for schoolwide improvements, including effective schools programs; programs of professional development; programs to enhance personal excellence of students and student achievement, and other innovative projects to enhance the educational climate of the school. These funds are provided to the local educational agencies and participating private nonprofit schools by a formula established in the federal Chapter II law.

Other grant programs administered by this division include: Drug-Free Schools and Communities program; Dwight D. Eisenhower Mathematics and Science Education Program; and the AIDS Prevention program.

EDUCATION
Learning Support Services
Teacher Education and Certification

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,517,600	8,080,700	8,491,900	6,471,000	6,734,500
Restricted Agency Funds					
Balance Forward	200	200	300	200	300
Current Receipts	36,700	36,800	37,000	106,800	107,000
Total Restricted Agency Funds	36,900	37,000	37,300	107,000	107,300
Federal Funds					
Balance Forward	73,900	14,700	15,200	14,700	15,200
Current Receipts	338,100	399,600	401,500	399,600	401,500
Total Federal Funds	412,000	414,300	416,700	414,300	416,700
TOTAL FUNDS	5,966,500	8,532,000	8,945,900	6,992,300	7,258,500
EXPENDITURES BY CLASS					
Personnel Costs	1,587,800	2,027,300	2,122,100	1,520,000	1,586,700
Operating Expenses	411,000	799,200	725,700	492,600	491,100
Grants, Loans or Benefits	3,952,800	5,671,600	6,014,100	4,964,200	5,164,400
Capital Outlay		18,400	67,700		
TOTAL EXPENDITURES	5,951,600	8,516,500	8,929,600	6,976,800	7,242,200
EXPENDITURES BY UNIT					
Education Professional					
Standards Board	271,000	485,900	483,400	351,100	357,500
Associate Commissioner	377,600	389,400	401,000	374,300	384,900
Teacher Education Programs	316,400	375,000	383,900	256,000	261,500
Teacher Testing and Internship	3,745,100	5,614,700	5,975,300	4,750,100	4,964,700
Teacher Certification	488,400	653,800	678,500	472,200	490,500
Minority Teacher Recruitment and Retention Program	753,100	997,700	1,007,500	773,100	783,100
TOTAL EXPENDITURES	5,951,600	8,516,500	8,929,600	6,976,800	7,242,200

The Office of Teacher Education and Certification has the following responsibilities: monitoring, evaluating, and certifying the teacher education programs at the state universities that prepare teachers; implementing the testing and internship programs for newly hired teachers and principals; issuing, renewing, and revoking teaching certificates. The Office is involved in a number of activities in conjunction with the Education Professional Standards Board in furtherance of the teacher education, assessment, and certification goals.

EDUCATION
Learning Support Services
Teacher Education and Certification
Education Professional Standards Board

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	271,000	485,900	483,400	281,100	287,500
Restricted Agency Funds					
Current Receipts				70,000	70,000
TOTAL FUNDS	<u>271,000</u>	<u>485,900</u>	<u>483,400</u>	<u>351,100</u>	<u>357,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	182,200	329,700	334,100	190,200	194,600
Operating Expenses	78,200	135,600	136,700	150,300	152,300
Grants, Loans or Benefits	10,600	12,600	12,600	10,600	10,600
Capital Outlay		8,000			
TOTAL EXPENDITURES	<u>271,000</u>	<u>485,900</u>	<u>483,400</u>	<u>351,100</u>	<u>357,500</u>
EXPENDITURES BY UNIT					
Program Support	171,000	245,900	243,400	251,100	257,500
Certificate Revocation	100,000	240,000	240,000	100,000	100,000
TOTAL EXPENDITURES	<u>271,000</u>	<u>485,900</u>	<u>483,400</u>	<u>351,100</u>	<u>357,500</u>

The Education Professional Standards Board was established by the Kentucky Education Reform Act of 1990. The Board has authority to issue, renew, revoke, and suspend certificates of professional school personnel, and to approve and accredit programs and institutions that prepare educators. The Board also has responsibility for administering the Teacher Testing and Internship program and the Principal Testing and Internship program.

Policy

The enacted budget includes an additional \$70,000 in restricted funds each fiscal year of the biennium. The Education Professional Standards Board may collect these funds for the issuance of certifications but not prior to January 1, 1997. The following fees may be assessed: issuance or reissuance (renewal) of regular certificate (to include all previously-issued certifications and endorsements) - \$50; each transaction to add area(s) of certification of rank - \$50; issuance of five-year substitute certificate - \$15; issuance of duplicate certificate - \$25; reissuance of limited certification - \$35.

EDUCATION
Learning Support Services
Teacher Education and Certification
Associate Commissioner

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	193,400	203,400	213,100	188,300	197,000
Federal Funds					
Balance Forward	2,500	2,500	2,100	2,500	2,100
Current Receipts	184,200	185,600	187,800	185,600	187,800
Total Federal Funds	186,700	188,100	189,900	188,100	189,900
TOTAL FUNDS	380,100	391,500	403,000	376,400	386,900
EXPENDITURES BY CLASS					
Personnel Costs	218,700	229,500	241,100	214,400	225,000
Operating Expenses	72,800	73,800	73,800	73,800	73,800
Grants, Loans or Benefits	86,100	86,100	86,100	86,100	86,100
TOTAL EXPENDITURES	377,600	389,400	401,000	374,300	384,900
EXPENDITURES BY UNIT					
Program Support	193,400	203,400	213,100	188,300	197,000
FIRST: School and Teachers Program	184,200	186,000	187,900	186,000	187,900
TOTAL EXPENDITURES	377,600	389,400	401,000	374,300	384,900

The Associate Commissioner and related staff provide support and guidance to the divisions of the Office of Teacher Education and Certification. The Associate Commissioner also serves as executive secretary to the Educational Professional Standards Board. The Associate Commissioner reports to the Commissioner of Education through the Deputy Commissioner for Learning Support Services.

EDUCATION
Learning Support Services
Teacher Education and Certification
Teacher Education Programs

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	206,400	265,000	273,900	146,000	151,500
Federal Funds					
Balance Forward	71,400	11,400	12,300	11,400	12,300
Current Receipts	50,000	110,900	110,000	110,900	110,000
Total Federal Funds	<u>121,400</u>	<u>122,300</u>	<u>122,300</u>	<u>122,300</u>	<u>122,300</u>
TOTAL FUNDS	<u>327,800</u>	<u>387,300</u>	<u>396,200</u>	<u>268,300</u>	<u>273,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	172,400	230,000	238,900	111,000	116,500
Operating Expenses	52,200	53,200	53,200	53,200	53,200
Grants, Loans or Benefits	91,800	91,800	91,800	91,800	91,800
TOTAL EXPENDITURES	<u>316,400</u>	<u>375,000</u>	<u>383,900</u>	<u>256,000</u>	<u>261,500</u>
EXPENDITURES BY UNIT					
Program Support	206,400	265,000	273,900	146,000	151,500
Troops to Teachers Grant	110,000	110,000	110,000	110,000	110,000
TOTAL EXPENDITURES	<u>316,400</u>	<u>375,000</u>	<u>383,900</u>	<u>256,000</u>	<u>261,500</u>

The Division of Teacher Education performs a variety of administrative and consultative functions in support of the other divisions within the Office of Teacher Education and Certification. The Division works to further the development of a system of teacher education in Kentucky which is based on the outcomes-oriented goals of the Kentucky Education Reform Act.

EDUCATION
Learning Support Services
Teacher Education and Certification
Teacher Testing and Internship

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,708,400	5,578,000	5,938,600	4,713,400	4,928,000
Restricted Agency Funds					
Balance Forward	200	200	300	200	300
Current Receipts	36,700	36,800	37,000	36,800	37,000
Total Restricted Agency Funds	<u>36,900</u>	<u>37,000</u>	<u>37,300</u>	<u>37,000</u>	<u>37,300</u>
TOTAL FUNDS	<u>3,745,300</u>	<u>5,615,000</u>	<u>5,975,900</u>	<u>4,750,400</u>	<u>4,965,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	363,500	542,100	560,200	365,000	379,600
Operating Expenses	115,000	307,200	307,200	118,500	118,500
Grants, Loans or Benefits	3,266,600	4,765,400	5,107,900	4,266,600	4,466,600
TOTAL EXPENDITURES	<u>3,745,100</u>	<u>5,614,700</u>	<u>5,975,300</u>	<u>4,750,100</u>	<u>4,964,700</u>
EXPENDITURES BY UNIT					
Program Support	273,400	289,800	301,900	289,800	301,900
Teacher Testing and Internship	3,055,100	4,492,600	4,830,100	4,038,000	4,234,500
Principal Testing and Internship	135,000	150,000	155,000	135,000	135,000
Teacher Assessment Program	244,900	645,600	651,600	250,600	256,600
Testing Fees	36,700	36,700	36,700	36,700	36,700
TOTAL EXPENDITURES	<u>3,745,100</u>	<u>5,614,700</u>	<u>5,975,300</u>	<u>4,750,100</u>	<u>4,964,700</u>

The Division of Testing and Internship administers the teacher and principal internship programs.

Teacher Internship - Beginning teachers are required to successfully complete a one-year internship prior to receiving certification. During the internship, the teacher is supervised and evaluated by a teacher evaluation committee made up of a resource teacher, the school principal of the school where the internship is served and a teacher educator from a state approved teacher training institution. In addition to the internship, the teacher must also successfully complete a written test.

Principal Internship - Beginning principals are required to successfully complete a testing and internship program prior to receiving certification. Applicants are required to pass two exams- a generic test in school administration and a specialized examination on current Kentucky education policies. In addition to the tests, the new principal must also successfully complete an internship program.

Policy

The enacted budget includes General Fund moneys in the amount of approximately \$1,000,000 in fiscal year 1996-97 and approximately \$1,200,000 in fiscal year 1997-98 to enable the Testing and Internship Division to better accommodate projected increases in the number of new teacher interns.

EDUCATION
Learning Support Services
Teacher Education and Certification
Teacher Certification

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	488,400	653,800	678,500	472,200	490,500
EXPENDITURES BY CLASS					
Personnel Costs	459,000	495,400	537,400	438,800	460,600
Operating Expenses	29,400	148,000	73,400	33,400	29,900
Capital Outlay		10,400	67,700		
TOTAL EXPENDITURES	488,400	653,800	678,500	472,200	490,500

The Division of Teacher Certification provides staff support to the Education Professional Standards Board in evaluating and accrediting the teacher education programs at Kentucky's universities. The Division provides the Board administrative assistance with the issuance, renewal, revocation, and suspension of certificates for school personnel. The Division also assists in auditing personnel assignments in local school districts in the selection of instructional support personnel.

EDUCATION
Learning Support Services
Teacher Education and Certification
Minority Teacher Recruitment and Retention

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	650,000	894,600	904,400	670,000	680,000
Federal Funds					
Balance Forward		800	800	800	800
Current Receipts	103,900	103,100	103,700	103,100	103,700
Total Federal Funds	<u>103,900</u>	<u>103,900</u>	<u>104,500</u>	<u>103,900</u>	<u>104,500</u>
TOTAL FUNDS	<u>753,900</u>	<u>998,500</u>	<u>1,008,900</u>	<u>773,900</u>	<u>784,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	192,000	200,600	210,400	200,600	210,400
Operating Expenses	63,400	81,400	81,400	63,400	63,400
Grants, Loans or Benefits	497,700	715,700	715,700	509,100	509,300
TOTAL EXPENDITURES	<u>753,100</u>	<u>997,700</u>	<u>1,007,500</u>	<u>773,100</u>	<u>783,100</u>
EXPENDITURES BY UNIT					
Program Support	650,000	894,600	904,400	670,000	680,000
Federal Minority Student Teacher Program	103,100	103,100	103,100	103,100	103,100
TOTAL EXPENDITURES	<u>753,100</u>	<u>997,700</u>	<u>1,007,500</u>	<u>773,100</u>	<u>783,100</u>

This Division was established to increase the percentage of minority educators in the Commonwealth, as well as to help retain those minority educators currently working in education. The Division coordinates its activities with the Educational Professional Standards Board, the Department of Education, the institutions of higher education, and local school districts.

EDUCATION, ARTS AND HUMANITIES

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	159,775,700	211,138,800	220,954,800	172,107,200	174,754,200
Special Appropriation	1,663,000				
Continuing Appropriation	2,904,500				
Total General Fund	164,343,200	211,138,800	220,954,800	172,107,200	174,754,200
Restricted Agency Funds					
Balance Forward	3,039,100	1,899,600	1,368,400	1,948,200	1,024,300
Current Receipts	2,581,100	2,809,600	3,011,800	2,683,600	2,928,600
Non-Revenue Receipts	3,662,600	4,111,500	4,252,600	3,911,600	4,052,700
Total Restricted Agency Funds	9,282,800	8,820,700	8,632,800	8,543,400	8,005,600
Federal Funds					
Balance Forward	111,200	96,200		106,500	10,100
Current Receipts	4,833,800	4,361,500	4,379,500	3,911,500	3,929,500
Revenue Redistribution	15,700				
Total Federal Funds	4,960,700	4,457,700	4,379,500	4,018,000	3,939,600
TOTAL FUNDS	178,586,700	224,417,200	233,967,100	184,668,600	186,699,400
EXPENDITURES BY CLASS					
Personnel Costs	20,674,000	22,355,800	24,453,100	21,875,900	22,869,800
Operating Expenses	11,074,400	13,040,500	14,897,800	11,674,200	12,997,600
Grants, Loans or Benefits	73,672,300	109,171,200	112,666,500	81,563,800	78,383,300
Debt Service	69,794,800	75,468,300	79,375,300	68,003,100	71,450,100
Capital Outlay	468,500	1,213,000	696,800	417,200	360,000
Construction	848,000	1,000,000	1,000,000	100,000	100,000
TOTAL EXPENDITURES	176,532,000	222,248,800	233,089,500	183,634,200	186,160,800
EXPENDITURES BY UNIT					
Secretary	1,636,000	2,780,100	2,818,100	1,929,800	1,894,800
Kentucky Arts Council	4,456,700	4,359,200	4,295,100	4,286,000	4,721,400
Teachers' Retirement System	65,254,300	98,634,800	101,368,200	73,321,900	70,009,300
School Facilities Construction Commission	61,435,800	63,942,000	67,848,800	60,144,000	63,755,200
Deaf and Hard of Hearing	541,500	973,700	1,129,700	660,800	677,300
Heritage Council	1,702,700	1,962,200	2,015,400	1,519,600	1,555,100
Kentucky Educational Television	17,118,800	21,720,100	22,840,900	17,074,000	18,046,800
Kentucky Historical Society	4,365,700	5,127,700	6,914,200	4,606,200	5,263,400
Libraries and Archives	16,469,100	18,799,600	19,962,700	16,807,500	16,952,100
Kentucky Center for the Arts	3,401,400	3,718,400	3,721,400	3,134,400	3,135,400
Environmental Education Council	150,000	231,000	175,000	150,000	150,000
TOTAL EXPENDITURES	176,532,000	222,248,800	233,089,500	183,634,200	186,160,800

The Education, Arts and Humanities Cabinet is charged with preserving Kentucky's past, preparing for its future, and promoting a statewide culture of lifelong learning. Each of the agencies in the Cabinet provides or oversees services that contribute to an

enhanced quality of life for Kentuckians: excellence in public education, quality libraries, the preservation of historical landmarks and cultural enrichment through the visual and performing arts.

EDUCATION, ARTS AND HUMANITIES
Secretary

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,600,100	2,745,100	2,783,100	1,864,800	1,827,800
Restricted Agency Funds					
Balance Forward	21,400				
Current Receipts	14,500	35,000	35,000	65,000	67,000
Total Restricted Agency Funds	<u>35,900</u>	<u>35,000</u>	<u>35,000</u>	<u>65,000</u>	<u>67,000</u>
TOTAL FUNDS	<u>1,636,000</u>	<u>2,780,100</u>	<u>2,818,100</u>	<u>1,929,800</u>	<u>1,894,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	430,200	421,500	442,400	598,800	546,500
Operating Expenses	76,700	110,200	110,200	77,600	77,800
Grants, Loans or Benefits	1,129,100	2,248,400	2,265,500	1,253,400	1,270,500
TOTAL EXPENDITURES	<u>1,636,000</u>	<u>2,780,100</u>	<u>2,818,100</u>	<u>1,929,800</u>	<u>1,894,800</u>
EXPENDITURES BY UNIT					
Secretary	235,600	1,221,600	1,230,600	405,200	339,000
Governor's Scholars Program	1,018,200	1,121,600	1,146,300	1,095,500	1,121,400
Governor's School for the Arts	250,000	325,000	325,000	300,000	300,000
Development	132,200	111,900	116,200	129,100	134,400
TOTAL EXPENDITURES	<u>1,636,000</u>	<u>2,780,100</u>	<u>2,818,100</u>	<u>1,929,800</u>	<u>1,894,800</u>

KRS 12.020 provides for the Office of the Secretary, Education, Arts and Humanities Cabinet. The Office, in conjunction with the Governor, is responsible for the development and implementation of statewide education policy and programs, and provides coordination direction and management oversight for the agencies within the Cabinet. Within the appropriation unit for the Office of the Secretary are the following:

The Governor's Scholars Program is designed to motivate and empower our brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented students about to enter their senior year in high school. The scholars, chosen competitively, spend five uninterrupted weeks in the program on two college campuses.

The Governor's School for the Arts is a summer residential program at the Kentucky Center for the Arts for students with educational, personal, and social development goals. The program is targeted to artistically gifted juniors and seniors in high school, serving approximately 120 students during the threeweek program.

Policy

The Governor's Scholars Program General Fund grant was increased by \$62,300 in fiscal year 1997 and \$79,400 in fiscal year 1998 due to increased room and board costs for students at both Centre College and Northern Kentucky University.

Also included in the above appropriation is \$50,000 in each fiscal year for the Governor's School for the Arts to develop regional centers in order to improve access. The above appropriation also includes \$75,000 in fiscal year 1997 to be provided as a planning grant for the Eastern Kentucky Science, Mathematics, and Technology Institute. Also provided is \$82,000 in each fiscal

year to provide operating expenses for the Mountain Arts Center in Prestonsburg. Also included is \$30,000 in each fiscal year for grant funds for the operations and programs of the Kentucky Opry.

EDUCATION, ARTS AND HUMANITIES
Kentucky Arts Council

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,308,100	3,521,100	3,553,600	3,392,200	3,979,900
Restricted Agency Funds					
Balance Forward	117,000	61,500	55,800	61,300	
Current Receipts	228,700	227,000	227,200	227,000	232,200
Non-Revenue Receipts				100	100
Total Restricted Agency Funds	<u>345,700</u>	<u>288,500</u>	<u>283,000</u>	<u>288,400</u>	<u>232,300</u>
Federal Funds					
Balance Forward	90,600	96,200		96,200	
Current Receipts	869,800	509,200	509,200	509,200	509,200
Total Federal Funds	<u>960,400</u>	<u>605,400</u>	<u>509,200</u>	<u>605,400</u>	<u>509,200</u>
TOTAL FUNDS	<u>4,614,200</u>	<u>4,415,000</u>	<u>4,345,800</u>	<u>4,286,000</u>	<u>4,721,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	760,700	804,400	838,400	793,900	827,400
Operating Expenses	356,400	338,400	340,100	325,700	327,400
Grants, Loans or Benefits	3,312,100	3,216,400	3,116,600	3,166,400	3,566,600
Capital Outlay	27,500				
TOTAL EXPENDITURES	<u>4,456,700</u>	<u>4,359,200</u>	<u>4,295,100</u>	<u>4,286,000</u>	<u>4,721,400</u>
EXPENDITURES BY UNIT					
Craft Marketing	374,400	401,000	412,400	380,600	391,800
Arts Council	4,082,300	3,958,200	3,882,700	3,905,400	4,329,600
TOTAL EXPENDITURES	<u>4,456,700</u>	<u>4,359,200</u>	<u>4,295,100</u>	<u>4,286,000</u>	<u>4,721,400</u>

The Kentucky Arts Council was formed in 1965 by Executive Order and confirmed in 1966 when the General Assembly enacted KRS 153.210-235. The purpose of the Council is to develop and promote a broadly conceived state policy of support for the arts in Kentucky.

The Kentucky Arts Council supports, through grants and technical assistance, Kentucky arts organizations, schools, community arts councils and individual artists and craftpersons. These organizations and individuals contribute significantly to the economy, education and quality of life in Kentucky. They play a significant role in creating the positive climate and direct services necessary to implement the Kentucky Arts Council mission and plan; the Kentucky Education Reform Act; and Goal 5 of Kentucky's Strategic Plan for Economic Development.

The Council's major programs are: Arts and Cultural Organization Support, Community Arts Development, Arts Education, Crafts Marketing, Individual Artists Recognition and Support, and Project Grants.

Policy

Included in the above General Fund appropriation is \$100,000 in fiscal year 1997 and \$600,000 in fiscal year 1998 to replace federal funds for project grants which support new or expanded arts activities.

EDUCATION, ARTS AND HUMANITIES
Teachers' Retirement System

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	61,829,200	95,760,200	97,554,400	69,647,300	66,195,500
Restricted Agency Funds					
Non-Revenue Receipts	3,425,100	3,674,600	3,813,800	3,674,600	3,813,800
TOTAL FUNDS	<u>65,254,300</u>	<u>99,434,800</u>	<u>101,368,200</u>	<u>73,321,900</u>	<u>70,009,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,805,300	3,053,600	3,191,500	3,053,600	3,191,500
Operating Expenses	619,800	621,000	622,300	621,000	622,300
Grants, Loans or Benefits	61,829,200	94,960,200	97,554,400	69,647,300	66,195,500
TOTAL EXPENDITURES	<u>65,254,300</u>	<u>98,634,800</u>	<u>101,368,200</u>	<u>73,321,900</u>	<u>70,009,300</u>
EXPENDITURES BY UNIT					
Benefits	61,829,200	94,960,200	97,554,400	69,647,300	66,195,500
Administration	3,425,100	3,674,600	3,813,800	3,674,600	3,813,800
TOTAL EXPENDITURES	<u>65,254,300</u>	<u>98,634,800</u>	<u>101,368,200</u>	<u>73,321,900</u>	<u>70,009,300</u>

The Teachers' Retirement System, as defined in KRS 161.220161.716, was established in 1940 to provide a broad program of retirement benefits, death and survivor benefits, medical insurance benefits, and disability benefits to its membership.

Administration of the System is the responsibility of the nine-member Board of Trustees. Two of the members are ex officio, serving by reason of their constitutional offices. They are the Commissioner of Education and the State Treasurer. The remaining seven trustees are elected by the members of the Retirement System for four-year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board. The most important objectives of the Board of Trustees are to maintain a retirement system that is actuarially sound and to maintain member benefits at a level that is comparable with the benefits provided other state employees through the Kentucky Employees' Retirement System and the Social Security System.

Membership is comprised of all persons occupying positions in the public elementary or secondary schools for which certification is required. In addition, staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, Murray State University, Kentucky State University, professional staff of the Department of Education, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state and income accruing from the invested reserves of the system. The General Assembly has set the member and state contribution rate at 9.855 percent of gross salary. University faculty members contribute 8.375 percent of gross salary and the state matches this amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis being placed upon the protection of the reserves.

The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program (SEEK) within the Department of Education.

Policy

The enacted budget provides for the direct appropriation of \$20 million each year of the 1996-98 biennium to the Teachers' Retirement System's medical insurance fund to help defray the increased costs the fund is facing. The Board of Trustees of the system is authorized to utilize any amounts not required for current medical insurance needs to be maintained as a reserve against future claims.

The enacted budget includes \$937,600 in each fiscal year to provide a three percent cost-of-living adjustment in each fiscal year of the 1996-98 biennium for retirees receiving an annuity of less than \$10,000 yearly, and \$1,320,100 in each fiscal year to provide a one percent cost-of-living adjustment in fiscal year 1996-97 for retirees receiving more than \$10,000 yearly, based on a maximum assumed annuity of \$15,000 annually. These amounts will be matched by equal contributions from the Teachers' Retirement System. These adjustments are in addition to the automatic one to five percent (1.5%) annual annuity adjustment provided by the retirement system.

The enacted budget, in the capital projects section, authorizes the expenditure of \$150,000 in agency funds in fiscal year 1996-97 to pay off the remaining cost of the system's AS-400 computer system. The acquisition of the computer system was authorized in the 1994-96 budget with payments to be made over a five-year period. It is estimated that the early payoff will save the retirement system approximately \$6,750 in interest.

EDUCATION, ARTS AND HUMANITIES
School Facilities Construction Commission

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	58,531,300	63,942,000	67,848,800	60,144,000	63,755,200
Continuing Appropriation	2,904,500				
TOTAL FUNDS	61,435,800	63,942,000	67,848,800	60,144,000	63,755,200
EXPENDITURES BY CLASS					
Personnel Costs	154,200	130,000	136,400	212,200	222,300
Operating Expenses	29,800	23,700	24,100	41,500	42,800
Debt Service	61,251,800	63,788,300	67,688,300	59,876,100	63,478,100
Capital Outlay				14,200	12,000
TOTAL EXPENDITURES	61,435,800	63,942,000	67,848,800	60,144,000	63,755,200

The School Facilities Construction Commission, created by the 1985 Special Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The School Facilities Construction Commission is responsible for the distribution of available state funds to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

The School Facilities Construction Commission is the successor agency of the Kentucky School Building Authority and is appropriated funds to meet debt obligations for ongoing projects which were authorized by the School Building Authority.

Policy

The enacted budget provides new debt service funding in the amount of \$697,000 in fiscal year 1996-97 and \$4,299,000 in fiscal year 1997-98 to support new local school construction. The enacted budget sets the level of bonded indebtedness from currently allocated but unissued as well as newly budgeted bonded indebtedness at \$78.1 million. The enacted budget is sufficient to support \$50.1 million in newly authorized as well as \$28 million in reauthorized bonded indebtedness.

EDUCATION, ARTS AND HUMANITIES
Deaf and Hard of Hearing

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	341,500	573,700	729,700	460,800	477,300
Restricted Agency Funds					
Balance Forward	4,600			4,600	4,600
Non-Revenue Receipts	200,000	400,000	400,000	200,000	200,000
Total Restricted Agency Funds	<u>204,600</u>	<u>400,000</u>	<u>400,000</u>	<u>204,600</u>	<u>204,600</u>
Federal Funds					
Balance Forward	200			200	200
TOTAL FUNDS	<u>546,300</u>	<u>973,700</u>	<u>1,129,700</u>	<u>665,600</u>	<u>682,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	322,000	510,100	651,500	316,700	329,200
Operating Expenses	198,200	444,000	458,400	336,800	340,600
Capital Outlay	21,300	19,600	19,800	7,300	7,500
TOTAL EXPENDITURES	<u>541,500</u>	<u>973,700</u>	<u>1,129,700</u>	<u>660,800</u>	<u>677,300</u>

In accordance with KRS 163.500 - 163.525, the Commission serves in an advisory capacity to the Governor and the General Assembly concerning policies and programs to enhance the quality and coordination of services for deaf and hard of hearing individuals in both the public and private sectors. Additionally, the Commission oversees the provision of interpreter services to deaf and hard of hearing individuals. The Commission surveys, identifies, and tabulates public and private entities that provide services to deaf and hard of hearing residents of Kentucky for information, referral, and advocacy services. The Commission administers a TDD Distribution program which distributes specialized telecommunications equipment to qualified deaf, hard of hearing, and speech-impaired residents of Kentucky. Another ongoing function of the Commission is to compile a census of deaf and hard of hearing individuals and their needs.

Policy

Additional funds in the amount of \$43,500 in fiscal year 1997 and \$45,600 in fiscal year 1998 are provided to add a Principal Assistant I position to meet growing client demand for services. Also provided is \$50,000 in each fiscal year to establish a Quality and Standards program for interpreters.

EDUCATION, ARTS AND HUMANITIES
Kentucky Heritage Council

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	711,300	1,133,100	1,169,400	569,000	709,100
Restricted Agency Funds					
Balance Forward	264,400	108,700	108,700	121,500	
Current Receipts	18,800		15,000		15,000
Non-Revenue Receipts	37,500	36,900	38,800	36,900	38,800
Total Restricted Agency Funds	<u>320,700</u>	<u>145,600</u>	<u>162,500</u>	<u>158,400</u>	<u>53,800</u>
Federal Funds					
Balance Forward	9,900			9,900	9,900
Current Receipts	792,200	792,200	792,200	792,200	792,200
Total Federal Funds	<u>802,100</u>	<u>792,200</u>	<u>792,200</u>	<u>802,100</u>	<u>802,100</u>
TOTAL FUNDS	<u>1,834,100</u>	<u>2,070,900</u>	<u>2,124,100</u>	<u>1,529,500</u>	<u>1,565,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	908,400	1,044,200	1,103,300	831,700	875,100
Operating Expenses	222,100	189,300	200,300	179,800	190,800
Grants, Loans or Benefits	540,200	728,700	711,800	508,100	489,200
Capital Outlay	32,000				
TOTAL EXPENDITURES	<u>1,702,700</u>	<u>1,962,200</u>	<u>2,015,400</u>	<u>1,519,600</u>	<u>1,555,100</u>
EXPENDITURES BY UNIT					
Historic Preservation	1,375,400	1,455,000	1,501,400	1,219,800	1,250,400
Mainstreet	256,000	360,800	365,700	262,300	267,200
African American Heritage	71,300	146,400	148,300	37,500	37,500
TOTAL EXPENDITURES	<u>1,702,700</u>	<u>1,962,200</u>	<u>2,015,400</u>	<u>1,519,600</u>	<u>1,555,100</u>

The Kentucky Heritage Council provides a comprehensive state historic preservation program through its subprograms: General Preservation Services, Site Identification and Evaluation, Site Development, and Site Protection. The Council administers the National Historic Preservation Program in Kentucky, distributes federal funds, and provides technical assistance to local units of government, planning agencies, state and federal agencies, and local preservation agencies on all aspects of historic preservation. Major program activities include the Survey of Historic Sites in Kentucky, the National Register Program, the Kentucky Main Street Revitalization Program, implementing the Investment Tax Credit Program, and the Restoration Grants Program. The Kentucky Heritage Council is administered in accordance with KRS 171.380.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,123,300	19,857,300	20,815,000	15,761,400	16,570,900
Restricted Agency Funds					
Balance Forward	1,572,500	982,600	491,300	989,400	498,300
Current Receipts	993,500	921,500	1,084,600	821,500	984,600
Total Restricted Agency Funds	<u>2,566,000</u>	<u>1,904,100</u>	<u>1,575,900</u>	<u>1,810,900</u>	<u>1,482,900</u>
Federal Funds					
Current Receipts	418,900	450,000	450,000		
TOTAL FUNDS	<u>18,108,200</u>	<u>22,211,400</u>	<u>22,840,900</u>	<u>17,572,300</u>	<u>18,053,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	7,726,700	8,283,500	8,772,000	8,044,200	8,424,200
Operating Expenses	5,431,500	6,065,500	7,079,900	5,833,800	6,420,700
Grants, Loans or Benefits	349,900	450,000	450,000	349,900	349,900
Debt Service	2,523,000	5,308,000	5,309,000	2,520,000	2,522,000
Capital Outlay	239,700	613,100	230,000	226,100	230,000
Construction	848,000	1,000,000	1,000,000	100,000	100,000
TOTAL EXPENDITURES	<u>17,118,800</u>	<u>21,720,100</u>	<u>22,840,900</u>	<u>17,074,000</u>	<u>18,046,800</u>
EXPENDITURES BY UNIT					
General Administration and Support	4,569,400	7,560,800	7,659,300	4,714,800	4,806,000
Engineering	3,652,900	4,821,800	4,703,200	3,501,100	3,784,000
Broadcasting and Education	8,896,500	9,337,500	10,478,400	8,858,100	9,456,800
TOTAL EXPENDITURES	<u>17,118,800</u>	<u>21,720,100</u>	<u>22,840,900</u>	<u>17,074,000</u>	<u>18,046,800</u>

As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, statesupported institutions of higher education, and others desiring broadcast programs. The Authority consists of nine members: the Chief State School Officer, an ex officio member, a staff member of the Department of Education elected by the State Board upon the recommendation of the Chief State School Officer, a representative of the University of Kentucky and a representative of the state colleges and universities elected by the Council on Higher Education and five additional members nominated by the Governor's Higher Education Nominating Committee and appointed by the Governor. Members need not possess special or prescribed qualifications except that they shall be citizens of Kentucky. The term of each member is four years.

KET is divided into three program areas: General Administration and Support, Engineering, and Broadcasting and Education.

KET operates a statewide network of 15 television transmitters and five translators (signal relays). It also operates a satellite delivery system including a four-channel uplink, a full-time two-channel satellite transponder, and downlinks at all public schools, colleges, state parks, and many libraries and other public buildings in nearly every Kentucky community.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television
General Administration and Support

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,569,400	7,560,800	7,659,300	4,714,800	4,806,000
EXPENDITURES BY CLASS					
Personnel Costs	1,404,100	1,468,200	1,538,200	1,468,200	1,538,200
Operating Expenses	642,300	774,600	812,100	716,600	745,800
Debt Service	2,523,000	5,308,000	5,309,000	2,520,000	2,522,000
Capital Outlay		10,000		10,000	
TOTAL EXPENDITURES	4,569,400	7,560,800	7,659,300	4,714,800	4,806,000

The General Administration and Support Unit oversees the implementation of KET's mission as directed by the Kentucky Authority for Educational Television and as mandated in KRS 168; recommends and carries out the policies of the Authority; organizes and administers the operation of the agency, assuring compliance with pertinent state regulations and federal broadcasting laws.

The unit carries out research and planning activities to verify the needs of current and potential audiences; assures effective, efficient, appropriate service to those audiences; works to interlace KET activities with all other appropriate entities, assuring complementing, productive, non-duplicative efforts; conducts other such activities which lead to constructive recommendations on future directions of telecommunication services for the Commonwealth.

EDUCATION, ARTS AND HUMANITIES
Kentucky Educational Television
Engineering

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,073,800	4,110,700	4,113,200	3,240,200	3,623,800
Restricted Agency Funds					
Balance Forward	106,100	111,100		110,900	
Current Receipts	165,000	150,000	140,000	150,000	140,000
Total Restricted Agency Funds	271,100	261,100	140,000	260,900	140,000
Federal Funds					
Current Receipts	418,900	450,000	450,000		
TOTAL FUNDS	3,763,800	4,821,800	4,703,200	3,501,100	3,763,800
EXPENDITURES BY CLASS					
Personnel Costs	1,731,400	1,822,400	1,914,700	1,806,400	1,896,700
Operating Expenses	1,402,600	1,591,400	1,777,500	1,573,700	1,756,100
Capital Outlay		408,000	11,000	21,000	11,000
Construction	518,900	1,000,000	1,000,000	100,000	100,000
TOTAL EXPENDITURES	3,652,900	4,821,800	4,703,200	3,501,100	3,763,800

KET's Engineering Services unit oversees delivery of KET resources by all appropriate means; operates and maintains a land-based broadcast network of 15 transmitters and five translators capable of delivering one channel of service into all parts of the state; and operates technical equipment to specifications mandated by the Federal Communications Commission.

The unit also operates and maintains the KET Star Channels satellite delivery system comprised of a four-channel uplink at the KET Telecommunications Center and approximately 1,690 receiving dishes at schools, colleges, libraries, state parks, and other public buildings in nearly every Kentucky community.

Engineering works to develop the use of technologies which can extend the capacity of limited staff and financial resources; works to interface KET's technical capacities with other appropriate technical systems in Kentucky and elsewhere, further extending the variety, reach, accessibility, and versatility of KET services to the Commonwealth.

During fiscal year 1995, Engineering field staff had 1,502 requests for school site service resulting in 1,490 site visits.

EDUCATION, ARTS AND HUMANITIES
Broadcasting and Education

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,480,100	8,185,800	9,042,500	7,806,400	8,120,900
Restricted Agency Funds					
Balance Forward	1,466,400	871,500	491,300	878,500	498,300
Current Receipts	828,500	771,500	944,600	671,500	844,600
Total Restricted Agency Funds	<u>2,294,900</u>	<u>1,643,000</u>	<u>1,435,900</u>	<u>1,550,000</u>	<u>1,342,900</u>
TOTAL FUNDS	<u>9,775,000</u>	<u>9,828,800</u>	<u>10,478,400</u>	<u>9,356,400</u>	<u>9,463,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,591,200	4,992,900	5,319,100	4,769,600	4,989,300
Operating Expenses	3,386,600	3,699,500	4,490,300	3,543,500	3,898,600
Grants, Loans or Benefits	349,900	450,000	450,000	349,900	349,900
Capital Outlay	239,700	195,100	219,000	195,100	219,000
Construction	329,100				
TOTAL EXPENDITURES	<u>8,896,500</u>	<u>9,337,500</u>	<u>10,478,400</u>	<u>8,858,100</u>	<u>9,456,800</u>

Broadcasting and Education acquires or produces programs and related support material which will most effectively carry out the mission and policies set by the Authority. This process includes soliciting feedback from appropriate audiences and seeking input from agencies and groups such as the Kentucky Department of Education, the Higher Education Telecommunications Consortium, Kentucky Information Resources Management Commission, etc. The unit assembles three channels of television programming for daily delivery to a variety of audiences.

One category of programming is aimed at needs of students at all levels. More than 150 series (a total of 1,500 broadcast hours) of instructional programming are provided annually to elementary/secondary schools. Instructional programming for elementary and secondary schools which directly supports KERA's learning goals and outcomes is utilized each year by more than 500,000 students and 25,000 teachers. The unit produces live interactive distance learning courses designed to provide equal access to a variety of learning opportunities for all students. Since the first distance learning class in 1989, 6,300 Kentucky high school students have completed full credit courses. It also produces over 90 hours of KERA-related professional development opportunities in which several thousand teachers were enrolled. During this biennium, KET will broaden the array of distance learning services and increase the numbers and types of users served. It will further diversify course scheduling patterns by offering new courses to fit block schedules and certain courses on tape. KET will shift the burden of interactivity from total reliance on keypads to an array of communication technologies available in the schools.

Other acquired or produced programming serves under-educated adults, professionals in need of training, and other citizens with various needs in their workplaces and homes. During the last year, 4,628 day care workers registered for programs designed to improve child care in Kentucky and earned credit now required by state government. Also in 1994-95, 6,000 college students enrolled in 25 televised courses in 23 participating colleges/universities, generating nearly \$900,000 in tuition for Kentucky colleges and universities. Moreover, applying the national average annual wage increase for GED recipients (over \$3,000) to the 6,000 KET GED Study-at-Home "graduates" alone amounts to nearly \$20 million additional earning power annually.

The unit produces public affairs programming and provides quality arts experiences to all Kentuckians. Over 530,000 Kentuckians report watching programs designed for home viewing during an average week.

The Operations staff maintain and operate network master control, studio, and remote facilities, and monitor new technology for making this activity increasingly more effective and efficient. They are responsible for the maintenance of \$11 million worth of equipment at the Network Center.

EDUCATION, ARTS AND HUMANITIES
Kentucky Historical Society

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,242,200	4,741,300	6,497,600	4,004,000	4,856,900
Special Appropriation	1,663,000				
Total General Fund	<u>3,905,200</u>	<u>4,741,300</u>	<u>6,497,600</u>	<u>4,004,000</u>	<u>4,856,900</u>
Restricted Agency Funds					
Balance Forward	255,100	239,200	230,500	264,000	39,500
Current Receipts	348,100	285,800	334,900	285,800	314,700
Total Restricted Agency Funds	<u>603,200</u>	<u>525,000</u>	<u>565,400</u>	<u>549,800</u>	<u>354,200</u>
Federal Funds					
Current Receipts	105,600	91,900	91,800	91,900	91,800
Revenue Redistribution	15,700				
Total Federal Funds	<u>121,300</u>	<u>91,900</u>	<u>91,800</u>	<u>91,900</u>	<u>91,800</u>
TOTAL FUNDS	<u>4,629,700</u>	<u>5,358,200</u>	<u>7,154,800</u>	<u>4,645,700</u>	<u>5,302,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,791,500	2,073,100	2,989,400	2,064,900	2,204,600
Operating Expenses	595,600	898,400	1,671,400	700,100	1,354,400
Grants, Loans or Benefits	74,700	89,700	144,700	94,700	119,700
Debt Service	1,857,000	1,994,000	1,994,000	1,713,000	1,552,000
Capital Outlay	46,900	72,500	114,700	33,500	32,700
TOTAL EXPENDITURES	<u>4,365,700</u>	<u>5,127,700</u>	<u>6,914,200</u>	<u>4,606,200</u>	<u>5,263,400</u>
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	457,700	543,600	645,200	440,200	492,700
Museums	661,600	801,900	1,207,200	671,000	855,500
Research and Publications	583,000	718,900	1,080,100	581,600	814,200
Administration	2,663,400	3,063,300	3,981,700	2,913,400	3,101,000
TOTAL EXPENDITURES	<u>4,365,700</u>	<u>5,127,700</u>	<u>6,914,200</u>	<u>4,606,200</u>	<u>5,263,400</u>

For over a century and a half, since 1836, the Kentucky Historical Society has served as a resource center and advocate for the Commonwealth's history. Its mission, pursuant to KRS 171, is to collect and preserve for future generations, materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of and appreciation for the Commonwealth and its heritage.

In its strategic plan, "Trustees of the Future," six goals were identified: to provide leadership to school audiences in history-related programs; to make Kentucky history more accessible by providing enhanced facilities; to create new educational exhibits and outreach efforts; to operate an active and innovative educational program; to generate multicultural and collaborative efforts for public programs; and to provide the Society with the resources necessary for efficient operation and growth.

To carry out its statutory mandates, the Society operates four programs, whose activities reach all counties of the state. The Administration program provides overall direction, planning, and management oversight.

The Research and Publications program consists of six subprograms; maps and photographs, manuscripts, rare books, The Register, Kentucky Ancestors, and special publications, including the Governors' Papers and County History projects.

The Museum program uses exhibits and educational programming to interpret the state's history. It consists of six subprograms; educational services, visitor services, traveling exhibits (which includes the Historymobile and Museums To Go), exhibit design and installation, collections, and military history. The Society operates the Military History Museum, the Kentucky History Museum, and the Old State Capitol.

The fourth program, Oral History and Educational Outreach, has resulted from a merger of the Oral History Commission with the Society. That Commission, consisting of twelve members, awards financial grants to institutions and individuals to conduct oral history studies, and maintains a large oral history collection. The four other subprograms are Local History, Junior Historical Society, Folklife, and Highway Markers.

Policy

Additional funds are included in the amount of \$250,000 in fiscal year 1997 and \$976,800 in fiscal year 1998 for operating and personnel costs for the Kentucky History Center. Also included is \$20,000 in each fiscal year for restoration of Governor's graves.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,687,300	15,121,600	16,256,800	13,129,300	13,246,200
Restricted Agency Funds					
Balance Forward	764,100	467,600	442,100	467,400	441,900
Current Receipts	827,500	1,134,300	1,165,100	1,134,300	1,165,100
Total Restricted Agency Funds	1,591,600	1,601,900	1,607,200	1,601,700	1,607,000
Federal Funds					
Balance Forward	10,500			200	
Current Receipts	2,647,300	2,518,200	2,536,300	2,518,200	2,536,300
Total Federal Funds	2,657,800	2,518,200	2,536,300	2,518,400	2,536,300
TOTAL FUNDS	16,936,700	19,241,700	20,400,300	17,249,400	17,389,500
EXPENDITURES BY CLASS					
Personnel Costs	5,634,000	5,917,700	6,206,600	5,842,200	6,127,400
Operating Expenses	2,953,700	3,605,700	3,645,700	2,913,600	2,975,400
Grants, Loans or Benefits	6,393,300	7,383,400	8,390,100	6,530,600	6,383,500
Debt Service	1,387,000	1,385,000	1,388,000	1,385,000	1,388,000
Capital Outlay	101,100	507,800	332,300	136,100	77,800
TOTAL EXPENDITURES	16,469,100	18,799,600	19,962,700	16,807,500	16,952,100
EXPENDITURES BY UNIT					
Direct Local Aid	6,537,100	7,682,200	8,688,900	6,741,000	6,593,900
Field Services	2,088,100	2,173,900	2,267,600	2,096,200	2,192,700
State Library Services	1,849,300	2,320,400	2,369,000	1,869,500	1,945,500
Administrative Services	3,640,500	4,044,600	4,042,700	3,760,100	3,844,100
Public Records	2,354,100	2,578,500	2,594,500	2,340,700	2,375,900
TOTAL EXPENDITURES	16,469,100	18,799,600	19,962,700	16,807,500	16,952,100

The Department for Libraries and Archives serves Kentucky's need to know by assuring equitable access to high quality library information resources and services and by helping public agencies ensure that adequate documentation of government programs is created, efficiently maintained and made readily accessible.

The Kentucky Department for Libraries and Archives serves Kentucky's need to know by assuring equitable access to high quality library and information resources and services and by helping public agencies ensure that adequate documentation of government programs is created, efficiently maintained and made readily accessible.

The program is directed by six goals:

Goal #1

Improve support of people in our organization to create a work environment which fosters productivity and innovation.

Goal #2

Strengthen the systems and services required to meet the information needs of the people of Kentucky and government employees in our state.

Goal #3

Improve the recognition of and support for library and archival services in the Commonwealth.

Goal #4

Improve the management of government records.

Goal #5

Ensure the creation of adequate documentation of government agency policies, procedures, and transactions in Kentucky.

Goal #6

Strengthen the position of public libraries as vital resources in meeting the economic, educational, cultural, and recreational needs of all Kentuckians.

This agency is unique in state government as it serves both governmental agencies and the people of Kentucky directly through its local libraries. The agency also serves several distinct customer populations such as the general public, the blind and physically handicapped, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

The Kentucky Department of Libraries was created by the 1962 General Assembly. The Department was reorganized in 1973 to include the Division of Archives and Records from the Finance and Administration Cabinet and was renamed the Kentucky Department of Libraries and Archives. Administration of the Library for the Blind and Physically Handicapped was granted to the Department by Executive Order on June 30, 1975. The 1982 General Assembly renamed this organization the Department for Libraries and Archives.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Direct Local Aid

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,326,600	6,628,000	7,634,700	5,686,800	5,539,700
Restricted Agency Funds					
Balance Forward	2,200	2,200	2,200	2,200	2,200
Current Receipts	5,000	5,000	5,000	5,000	5,000
Total Restricted Agency Funds	7,200	7,200	7,200	7,200	7,200
Federal Funds					
Balance Forward	300				
Current Receipts	1,205,200	1,049,200	1,049,200	1,049,200	1,049,200
Total Federal Funds	1,205,500	1,049,200	1,049,200	1,049,200	1,049,200
TOTAL FUNDS	6,539,300	7,684,400	8,691,100	6,743,200	6,596,100
EXPENDITURES BY CLASS					
Operating Expenses	103,000	108,000	108,000	189,600	189,600
Grants, Loans or Benefits	6,391,300	7,381,400	8,388,100	6,528,600	6,381,500
Capital Outlay	42,800	192,800	192,800	22,800	22,800
TOTAL EXPENDITURES	6,537,100	7,682,200	8,688,900	6,741,000	6,593,900

Direct Local Aid is a program designed to readily identify those services that are directly provided to the citizens of the Commonwealth. The services are administered by three of the Libraries and Archives current programs: Field Services Division, State Library Services Division, and the Public Records Division. The various direct services provided include direct cash grants, library books and other library materials, and bookmobiles.

There are several grant programs provided by the Department for Libraries and Archives. These include: Public Library Development, State-Aid, Public Library Books, Construction, Networking, and Local Records. Additionally, public libraries are provided with bookmobiles so that those persons not living close to a public library may have the opportunity to utilize library services.

The Public Library Development Office provides grants from federal funds for training, continuing education, demonstration projects and major urban resource libraries to eligible public libraries from federal funds.

The State Aid program provides cash grants to all counties for support of public library services.

Through the Bookmobile program, bookmobiles are provided to eligible county libraries based on the criteria of age, service, use, and condition.

The Program Development Office provides grants to public libraries in order to demonstrate library service to specific user or non-user groups. Examples include services to older adults, young adults, children, and adult new readers.

The Construction program matches grants to public libraries for major library building projects and repairs.

The Institutions program provides grants to public libraries for administration of public library services in state correctional institutions.

The Library for the Blind and Physically Handicapped program provides grants to public libraries in support of library services for the blind and physically handicapped in localized areas of the state.

The Local Records program provides funds to assist local governments in the preservation and restoration of public documents and to improve local government records management programs.

Policy

Included in the above General Fund appropriation is \$153,800 in fiscal year 1997 to provide funds for library technology grants in order to promote and support networking and resource sharing among local libraries. Also included is \$200,000 in each fiscal year to provide fund for bookmobiles/extension services.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Field Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,733,100	1,802,600	1,892,500	1,724,900	1,817,600
Restricted Agency Funds					
Balance Forward	18,700	18,600	16,600	18,700	16,700
Current Receipts	7,700	7,700	7,700	7,700	7,700
Total Restricted Agency Funds	<u>26,400</u>	<u>26,300</u>	<u>24,300</u>	<u>26,400</u>	<u>24,400</u>
Federal Funds					
Current Receipts	347,300	361,600	367,400	361,600	367,400
TOTAL FUNDS	<u>2,106,800</u>	<u>2,190,500</u>	<u>2,284,200</u>	<u>2,112,900</u>	<u>2,209,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,770,800	1,840,900	1,930,900	1,850,600	1,941,200
Operating Expenses	299,600	315,300	319,000	227,900	233,800
Capital Outlay	17,700	17,700	17,700	17,700	17,700
TOTAL EXPENDITURES	<u>2,088,100</u>	<u>2,173,900</u>	<u>2,267,600</u>	<u>2,096,200</u>	<u>2,192,700</u>

The Division of Field Services provides support to public libraries to better provide library service to the citizens of Kentucky. Support includes: direct grants, central service operations, and regional professional consultation. Mandated by law, the Kentucky Department for Libraries and Archives through the Field Services Division gives assistance and advice to public libraries per KRS 171.140; accepts and appropriates funds for providing, improving and equalizing public libraries and providing public library service to state institutions per KRS 171.140; provides books and other reading material to the blind and physically handicapped per KRS 171.145; and provides direct state aid to local public libraries per KRS 171.201.

The Public Library Development Office's professional and technical staff provide consultative and technical assistance to 120 counties concerning public library services and programs of the agency. The staff are located in 14 regional offices, housed in public libraries. This program also supports the central office administration.

The Program Development Office Branch manages the special consultant personnel who provide guidance in adult and children's services. This unit, supported with federal funds, plans and implements statewide programs in collection development; makes available special consulting services to older adults and adults in literacy programs; provides assistance in developing children's programs and selecting their books; awards and monitors cash book grants; and, administers the Certification of Librarians program.

The Kentucky Talking Book Library/Institutions Branch provides special library materials, which are produced in formats for the service clientele, and playback equipment, all of which are circulated to eligible users. Materials which are not produced nationally, but are of special interest to Kentucky Talking Book patrons, are recorded by volunteers and coordinated by central staff. This Branch also provides library materials and professional consultation to state residential institution libraries.

EDUCATION, ARTS AND HUMANITIES

Libraries and Archives

State Library Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,239,600	1,714,200	1,750,600	1,263,300	1,327,100
Restricted Agency Funds					
Balance Forward	3,000	3,000	4,500	3,000	4,500
Current Receipts	1,000	2,500	5,000	2,500	5,000
Total Restricted Agency Funds	4,000	5,500	9,500	5,500	9,500
Federal Funds					
Balance Forward	5,900				
Current Receipts	602,800	605,200	608,900	605,200	608,900
Total Federal Funds	608,700	605,200	608,900	605,200	608,900
TOTAL FUNDS	1,852,300	2,324,900	2,369,000	1,874,000	1,945,500
EXPENDITURES BY CLASS					
Personnel Costs	1,014,700	1,067,200	1,120,300	1,082,200	1,136,100
Operating Expenses	815,300	1,217,100	1,219,900	768,000	790,100
Capital Outlay	19,300	36,100	28,800	19,300	19,300
TOTAL EXPENDITURES	1,849,300	2,320,400	2,369,000	1,869,500	1,945,500

The State Library Services Division acts under the provisions of KRS 171.200 to equalize opportunities for library service and access to information and to promote and maintain cooperative arrangements for information and resource sharing among all types of libraries and information centers, including state agencies. Under KRS 171.170, it monitors federal and state grants awarded to libraries to promote cooperative arrangements.

State Library Support is the administrative unit of the Division, providing coordinated program planning and control.

Information Services provides information and research to support the needs of state agencies and backs up requests from public libraries and three information centers for information needed by the citizens of Kentucky but not attainable on the local level. Staff is responsible for the analysis of trends in the informational needs of clientele and for appropriate selection of materials to support these needs.

Through its Audio Visual Unit information services provides a central source for 16mm. films and video cassettes for library programs and supplies materials for the educational and training needs of libraries and state agencies.

Technical Support supplies centralized cataloging, classification and processing of materials for small public libraries, as well as cataloging, processing and collection maintenance needed for the State Library's collections. Records are entered into a national database (OCLC) as well as being maintained for the Kentucky Union Database. This unit serves as a model for quality control throughout the state and supplies training and consulting services to librarians and to state agency personnel involved in the organization of agency collections of reference materials. This Branch also supports the maintenance of the Kentucky Union Database, an electronic card catalog, which is utilized for statewide resource sharing among all types of libraries.

Network Development supports and develops programs and services to enable all of Kentucky's libraries (public, academic, school, corporate, medical, etc.) to share information for the benefits of their users. Principal coordination and direction is provided through the Kentucky Library Network (KLN), administered by this Department.

Kentucky Library Information Center (KLIC) offices provide reference service and respond to all journal requests to public libraries throughout the state. They also supply document retrieval services for state agencies and small members of KLN.

EDUCATION, ARTS AND HUMANITIES

Libraries and Archives

Administrative Services

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,175,000	3,553,000	3,567,500	3,268,300	3,368,900
Restricted Agency Funds					
Balance Forward	33,100	33,200	8,200	33,100	8,100
Current Receipts	11,900	6,900	6,900	6,900	6,900
Total Restricted Agency Funds	45,000	40,100	15,100	40,000	15,000
Federal Funds					
Balance Forward	4,300			200	
Current Receipts	449,500	459,700	468,300	459,700	468,300
Total Federal Funds	453,800	459,700	468,300	459,900	468,300
TOTAL FUNDS	3,673,800	4,052,800	4,050,900	3,768,200	3,852,200
EXPENDITURES BY CLASS					
Personnel Costs	1,056,100	1,086,100	1,136,200	1,100,300	1,151,000
Operating Expenses	1,177,400	1,388,500	1,423,500	1,254,800	1,285,100
Grants, Loans or Benefits	2,000	2,000	2,000	2,000	2,000
Debt Service	1,387,000	1,385,000	1,388,000	1,385,000	1,388,000
Capital Outlay	18,000	183,000	93,000	18,000	18,000
TOTAL EXPENDITURES	3,640,500	4,044,600	4,042,700	3,760,100	3,844,100

The Commissioner's Office sets overall policy and direction for the Department and provides communication advice and support to each division. The Office supports the activities of the state Advisory Council on Libraries, chairs the Archives and Records Commission, serves on the State Information Systems Commission, the Communications Advisory Committee, and the Oral History Commission.

The Administrative Services Division formulates and implements executive direction for policy, procedures, and planning for the Department in accordance with KRS 171.125-171.306 and 171.410-171.740. The Administrative Services Division provides administrative support to all programs of the Department and coordinates and oversees management and administrative functions for the entire agency. The Division includes the Director's Office, Fiscal Operations Office, Personnel and Payroll, Grants and Contracts, Information System Support and Facilities, Space Planning and Shipping. In addition, this division provides administrative support to the Office of the Secretary of the Cabinet and other agencies in the Education, Arts and Humanities Cabinet.

EDUCATION, ARTS AND HUMANITIES
Libraries and Archives
Public Records

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,213,000	1,423,800	1,411,500	1,186,000	1,192,900
Restricted Agency Funds					
Balance Forward	707,100	410,600	410,600	410,400	410,400
Current Receipts	801,900	1,112,200	1,140,500	1,112,200	1,140,500
Total Restricted Agency Funds	<u>1,509,000</u>	<u>1,522,800</u>	<u>1,551,100</u>	<u>1,522,600</u>	<u>1,550,900</u>
Federal Funds					
Current Receipts	42,500	42,500	42,500	42,500	42,500
TOTAL FUNDS	<u>2,764,500</u>	<u>2,989,100</u>	<u>3,005,100</u>	<u>2,751,100</u>	<u>2,786,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,792,400	1,923,500	2,019,200	1,809,100	1,899,100
Operating Expenses	558,400	576,800	575,300	473,300	476,800
Capital Outlay	3,300	78,200		58,300	
TOTAL EXPENDITURES	<u>2,354,100</u>	<u>2,578,500</u>	<u>2,594,500</u>	<u>2,340,700</u>	<u>2,375,900</u>

The Public Records Division, working in close cooperation with the State Archives and Records Commission, fulfills the Department's statutory mandate to manage and control public records in the state, in whatever medium. Its authority extends to all state and local government agencies. Under the terms of KRS 171.410-740, the Department's Public Records Division works with government agencies to ensure creation and preservation of adequate and proper documentation of the agency's organizational functions, policies, decisions, procedures, and essential transactions, as well as information which protects the legal and financial rights of the government and of individuals directly affected by an agency's activities.

As required by KRS 171.450, it establishes standards, procedures, and administrative regulations for recording, managing, preserving and reproducing government records, whatever their medium. Under the terms of KRS 171.680, it works with the head of state government agencies and their designated representatives to create and maintain active, continuing programs for the efficient management of their records. Division staff collaborate with agencies on the inventory, analysis, and scheduling for retention of their records and electronic records systems. When approved by the State Archives and Records Commission, these records schedules furnish public agencies with clear legal authority to make disposition of records they create and maintain. The Open Records Act explicitly recognizes the connection between policy goals for public records management and information systems planning under statute, and those of the Open Records Act.

Under the terms of KRS 171.500, the Department is the central repository for Kentucky public records. The Division operates the State Archives to house and make available for research permanently valuable state and local government records. To provide agencies with secure, economical storage for their non-current records, the Division also manages the State Records Center. While serving distinct needs, these two kinds of facilities are the state's statutorily mandated central records depositories. Division staff also provide state agencies with direct services in records management, archival management, management of electronic records, centralized micrographics and imaging applications, and document preservation. They serve as consultants to these agencies on a range of archival and records management issues.

The Public Records Division serves Kentucky citizens directly, as well as meets the needs of hundreds of government agencies at all levels of government. These services are provided through the following subprograms:

State Records Branch helps 132 state-level agencies and their subunits and more than 300 boards and commissions develop and maintain programs to manage government information from its creation, through maintenance and use, to final disposition, as required by KRS 171.680. It provides archival and records management assistance in support of those tasks, especially through records identification, description, appraisal, and scheduling. It participates in review of all biennial state agency Information Resources Plans (IRP), submitted to the Kentucky Information Resources Management Commission (KIRM). The Branch also manages the two leased facilities which comprise the State Records Center, the state's central repository for secure high volume storage of non-permanent records still needed by agencies, which makes possible significant annual savings to state government through cost avoidance.

Archival Services Branch provides records appraisal, arrangement, description and reference services; oversees archival control of state publications; oversees publication of the **Guide to Kentucky Archival and Manuscript Collections**; creates and publishes finding aids to provide access to the Department's archival holdings; and makes available on-line information about the Department's holdings and the holdings of nearly 300 Kentucky archival and manuscript repositories. It operates the State Archives, which contains more than 95,000 cubic feet of original records. These records are made available to the public and to government officials through the Archives Research Room. Branch staff annually answers more than 20,000 information requests from government officials, private citizens, attorneys, journalists, historians, genealogists, and other researchers.

Technology Analysis and Support Branch works with other Division Branches in providing advice and technical support to state and local agencies on archival and records management considerations in the application of information technology to their programs and operations. It inventories and schedules electronic records systems and coordinates Division review of all biennial state agency Information Resources Plans (IRP), submitted to KIRM. The Branch provides staff support to KIRM on information policy, imaging and technical standards issues, and ensures that KIRM members and staff are aware of archival and records management issues as they relate to information resources planning and management. It also manages the Department's Public Records Management System (PRMS), the database employed by the Division for the life-cycle tracking of record series. The Branch oversees the work of the Department's Document Preservation Laboratory, including professional consulting, education and training programs, records disaster recovery assistance, and laboratory conservation treatment.

Micrographics Branch provides centralized image management and micrographics services to state and local government agencies, in response to functions mandated by KRS 171.550, on a cost recovery basis. These services help improve and speed access to information, reduce the volume of paper based files, and ensure archival preservation and continued availability of information contained in fragile paper records. The Branch also monitors development in other imaging technologies and their application to public records management.

Local Records Branch helps more than 2,900 local government agencies develop and maintain record management programs to manage government information from its creation through its maintenance and use, to its final and proper disposition, as required by KRS 171.680. It provides archival and records management assistance in support of those tasks, especially through records identification, description, appraisal and scheduling, and through professional counseling and training. It also administers a grant-in-aid program to local governments.

Public Records Support provides policy development, coordination of program planning, and administrative direction of Division programs in public records administration and archival management. It coordinates support for the work of the State Archives and Records Commission and the State Historical Records Advisory Board.

Policy

Additional funds in the amount of \$55,000 in fiscal year 1997 are provided for micrographics equipment to create a central scanning facility for all state agencies.

EDUCATION, ARTS AND HUMANITIES
Kentucky Center for the Arts

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,401,400	3,718,400	3,721,400	3,134,400	3,135,400
EXPENDITURES BY CLASS					
Personnel Costs	52,100	34,500	34,500	34,500	34,500
Operating Expenses	573,300	690,900	690,900	590,900	590,900
Debt Service	2,776,000	2,993,000	2,996,000	2,509,000	2,510,000
TOTAL EXPENDITURES	3,401,400	3,718,400	3,721,400	3,134,400	3,135,400

The Kentucky Center for the Arts, which opened in November 1983 is the Commonwealth's performing arts center. Over 400,000 people attend events at the Kentucky Center each year. It is the performance home of five of the region's finest arts organizations: Kentucky Opera, Louisville Ballet, The Louisville Orchestra, Louisville Theatrical Association, and Stage One: The Louisville Children's Theatre. The Kentucky Center's own programming mission includes encouraging and supporting performing arts, presenting the finest in nationally and internationally renowned artists and presenting the works of Kentucky arts groups and artists.

The Kentucky Center houses three theatres: the 2,479-seat Robert S. Whitney Hall, 622-seat Moritz von Bomhard Theater, and the Boyd Martin Experimental Theatre, which can accommodate 90 to 139 patrons. The facility features a multiered lobby, two rehearsal halls, a 150-seat restaurant and a retail shop specializing in arts-related items and Kentucky crafts. On display in and around the Kentucky Center is one of the nation's finest collections of largescale 20th-century sculpture. All areas of the facility are accessible to those with physical disabilities, and special services for the hearing impaired and visually impaired are available during performances.

The facility's ongoing mission is to reach out to the entire state with educational programs and artistic events. Since its opening, the Kentucky Center has provided comprehensive statewide arts educational programs which touch students, teachers, parents, and administrators in 120 counties. The Kentucky Center's management also provides a wide range of consulting services throughout the state. Regional, national, and international attention has been drawn to the Commonwealth via "The Lonesome Pine Specials" concert series which is a coproduction of the Kentucky Center, Kentucky Educational Television (KET), and the Kentucky Network. This series has reached 72 percent of United States television households via 180 public television stations. The concerts have also been heard on 123 public radio stations and have been seen in eight foreign countries. A wide variety of other cultural and educational programs are also seen on KET as part of the Kentucky Center's outreach efforts.

EDUCATION, ARTS AND HUMANITIES
Environmental Education Council

	Revised FY 1996	Requested FY 1997	Requested FY 1998	Enacted FY 1997	Enacted FY 1998
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		25,000	25,000		
Restricted Agency Funds					
Balance Forward	40,000	40,000	40,000	40,000	40,000
Current Receipts	150,000	206,000	150,000	150,000	150,000
Total Restricted Agency Funds	<u>190,000</u>	<u>246,000</u>	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>
TOTAL FUNDS	<u>190,000</u>	<u>271,000</u>	<u>215,000</u>	<u>190,000</u>	<u>190,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	88,900	83,200	87,100	83,200	87,100
Operating Expenses	17,300	53,400	54,500	53,400	54,500
Grants, Loans or Benefits	43,800	94,400	33,400	13,400	8,400
TOTAL EXPENDITURES	<u>150,000</u>	<u>231,000</u>	<u>175,000</u>	<u>150,000</u>	<u>150,000</u>

The role of the Environmental Education Council is to improve the environmental literacy of all Kentuckians. The Council performs this role by sponsoring programs and activities that increase or coordinate environmental education services in the Commonwealth. Those programs and activities include the following:

- Maintaining a clearinghouse of information on environmental education resources available through state and federal agencies and the private sector, and searching for ways to avoid duplication of those services.
- Providing training and leadership development in environmental education for K - 12 educators, including helping them to provide a balanced view of environmental issues, and assisting educators to infuse environmental education more broadly into the curriculum. The Council also provides grants to schools and educational organizations as funds allow.
- Providing opportunities for Kentucky's adult population to become more environmentally aware and to understand not only the problems that exist, but also how each person's actions contribute to the health of the environment.